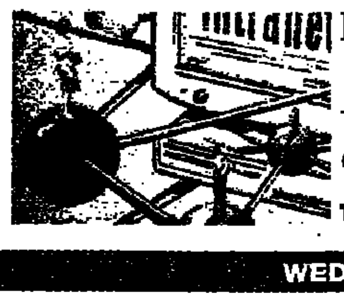
FINANCIAL TIMES

Economic sanctions

How to make them work in Iraq

Edward Mortimer, Page 12



Intranets

Part of the fabric at GlaxoWellcome

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EU trade policy

Trying to speak with one voice

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Turkey

Islamists terrorise the campus

Page 3

World Business Newspaper http://www.FT.com WEDNESDAY MARCH 12 1997

Boeing seeks to shed US image with foreign links

Boeing wants to forge links with non-US companies in a drive to rid itself of its all-American image chairman Philip Condit said. He would like the aircraft maker to follow the example of the oil companies British Petroleum and Royal Dutch/Shell, which managed to present themselves as local organisations in the countries in which they operated. Boeing would have to become a global business if it was to remain successful, he added. Page 14

Socialist prime minister for Albania: Albania's embattled President Sali Berisha appointed a prime minister from the opposition Socialist party in an attempt to contain insurrection in the south which is spreading towards the capital Tirana. Page 2

US backs Turkey's EU hopes: Carey Cavanaugh, US troubleshooter on Greek-Turkish issues, urged European allies not to slam the door on Turkey's aspiration to join the European Union. Page 3

Telekom targets high spenders: German telecommunications group Deutsche Telekom launched a "VIP" service for high-spending private customers it expects to be targeted by competitors when the German market is liberalised next year. Page 15

Changes at the top for Thomson: The French government reshuffled top executives at the state-controlled Thomson group to steer the sell-off of its Thomson Multimedia arm and speed the sale of the Thomson-CSF defence company. Page 15

When I'm 54: McCartney at the Palace

Ex-Beatle Sir Paul McCartney (left) seen outside Buckingham Palace in London after receiving his knighthood from Queen Elizabeth. Sir Paul, 54, waved to fans, some of whom had been waiting at the palace gates since 8am. He said he never dreamt, back in the days of playing at Liverpool's Cavern club and in Hamburg, that he would receive a knighthood. "It would have been seen as a joke," he said. "It's fantastic. This is one of the best days of my life."

Adidas 28% ahead: German sportswear group Adidas underlined its return from a financial slump with a 28 per cent rise in annual net profits to DM314m ($185.7m), driven by a 34.5 per cent rise in sales. Page 15

Jackson takes battle to Wall Street: The Rev Jesse Jackson took his fight for racial equality in US corporations to the heart of the corporate establishment when his Rainbow/Push Coalition opened a bureau on Wall Street. Page 6

Zaire diamond chief may help rebels: The head of Zaire's state-controlled diamond mining company, a big source of funds for the Kinshasa government, is ready to collaborate with rebels poised to move into the country's mineral-rich east Kasai province. Page 14

Blast may hit Tokyo's nuclear plans: An explosion at a nuclear fuel reprocessing plant near Tokyo, Japan's second nuclear accident in two years, is likely to add to growing resistance to nuclear power. Page 4

Strike to hit Japanese ports: Japanese shipping companies face a 24-hour strike today by workers at about 50 ports throughout the country. Page 8

Eurostar train hits lorry: A Eurostar high speed train from Brussels bound for London hit a lorry at a level crossing in Belgium. The 107 passengers were taken by coach to Lille, where they boarded another Eurostar train. No one was hurt.

Spanish treasure ship found: A Spanish galleon that sank with a treasure of plundered gold in 1645 off Ecuador, has been found. Its cargo, valued at up to £5bn ($8.2bn), will be split equally between the government of Ecuador and the international group which found the ship.

FT.com: the FT web site provides online news, comment and analysis at http://www.FT.com

■ STOCK MARKET INDICES

New York lunchtime		
Dow Jones Ind Av	7074.39	(-5.0)
NASDAQ Composite	1320.26	(-2.46)
Europe and Far East		
CAC40	2686.15	(-23.06)
DAX	3460.59	(+24.52)
FTSE 100	4444.3	(+6.9)
Nikkei	18,267.72	(+153.83)

■ US LUNCHTIME RATES

Federal Funds	5¼%
3-mth Treas Bills: Yld	5.169%
Long Bond	97 5/32
Yield	6.844%

■ OTHER RATES

UK: 3-mo Interbank	6 3/8%	(same)
UK: 10 yr Gilt	101 21/32	(101 ¾)
France: 10 yr OAT	107.51	(107.55)
Germany: 10 yr Bond	102.47	(102.45)
Japan: 10 yr JGB	104.9077	(104.720)

■ NORTH SEA OIL (Argus)

Brent Dated	$18.53	(19.08)

■ GOLD

New York: Comex		
(Mar)	$354.7	(352.7)
London:		
close	$351.15	(349.95)

■ DOLLAR

New York: lunchtime		
£	1.6058	
DM	1.70225	
FFr	5.742	
SFr	1.4705	
Y	121.85	
London:		
£	1.6052	(1.6019)
DM	1.7055	(1.7032)
FFr	5.7498	(5.7445)
SFr	1.4747	(1.4723)
Y	121.865	(121.68)
Tokyo close:	Y 121.41	

■ STERLING

DM	2.7377	(2.7283)

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New line-up due in a week ■ Only PM and his deputy assured of jobs

Yeltsin demands clear-out of cabinet

By Chrystia Freeland in Moscow

In a robust display of presidential authority, Mr Boris Yeltsin, the Russian president, yesterday ordered a clean sweep of his cabinet, leaving only Mr Victor Chernomyrdin, the prime minister, and Mr Anatoly Chubais, his first deputy, securely in place.

The bold move suggests that after a lacklustre year dominated by Mr Yeltsin's illness and presidential elections, the Kremlin has again taken the decision to embark upon radical economic reforms.

In a presidential decree Mr Yeltsin gave the prime minister one week to propose a new cabinet line-up, though he did not formally sack all sitting ministers.

However, the order made clear that only Mr Chernomyrdin and Mr Chubais, a talented administrator whose power was enhanced by the Kremlin's move, were certain to remain in place.

Mr Yeltsin also ordered a sharp streamlining of Russia's bloated cabinet, reducing the number of deputy prime ministers and abolishing some ministries inherited from the era of Soviet central planning.

Mr Boris Berezovsky, deputy head of the security council and one of the country's most influential financiers-turned-politician, said the ministers of finance, defence, energy and railways were among those most likely to be sacked.

Mr Grigory Yavlinsky, leader of the liberal Yabloko opposition party, said in an interview that Mr Chubais had invited five members of his party to join the new cabinet. But Mr Yavlinsky said Yabloko's assent would depend on whether Mr Chubais agreed to a number of steps laid out in a letter he sent to the deputy prime minister this week. These include the sacking of corrupt officials.

Mr Chernomyrdin said the president, who is expected to take all final decisions about the new cabinet, was likely to announce his new government by the end of the week.

Mr Chubais, back to the heart of the Russian government after being humiliatingly sacked just over a year ago, will be a central and controversial figure in the reshuffle. He is now subordinate only to the president and practically on a par with the prime minister. He is expected to bring some of his intensely loyal protégés into key economic posts.

Reformers hope that Mr Chubais and his allies will have the organisational muscle and ideological commitment to tackle the country's deep-seated structural economic challenges.

These problems, which include a hugely unrealistic budget and a collapsing pensions system, have hampered growth and caused tremendous personal suffering for millions of Russians who have gone for months without wages or pensions.

Mr Chubais's new prominence could arouse the enmity of Mr Chernomyrdin, a hardened political survivor with strong connections to the influential oil and gas lobby. But the president may deliberately be setting up the rivalry – he is famed for playing factions against each other.

Mr Yeltsin acted yesterday to weaken another rival power centre by appointing Mr Valentin Yumashev, a relatively junior figure, as his chief of staff. Over the past few months the presidential administration, then headed by the formidable Mr Chubais, had become, in the view of some observers, an alternative government. Under Mr Yumashev, a former journalist and presidential ghostwriter, its power is likely to wane.

Mr Yeltsin has cunningly neutralised another potential source of opposition – the Communist dominated parliament. Parliament must approve the appointment of a new prime minister but this week's radical shuffle does not require legislative consent.

Boris Yeltsin meets Israeli prime minister Benjamin Netanyahu in Moscow yesterday Picture: Reuter

Back in charge, Page 2
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Clinton calls for free air time during campaigns

By Patti Waldmeir in Washington

President Bill Clinton yesterday sought to deflect the growing controversy over election campaign fundraising by calling on US broadcasters to provide free air time for political advertising.

"Free air time for candidates can help to free our democracy from the grip of big money," Mr Clinton told a conference of campaign finance reformers.

Political broadcasts at no cost to candidates – which were pioneered on a limited basis in the 1996 election – would reduce the cost of campaigns and diminish the role of money in politics, he said.

Yesterday's announcement appears to be part of an attempt by the White House to take the offensive on the campaign finance issue. Mr Clinton yesterday called on the public not to "wallow" in the controversy, but to use it as a spur for legislative reform. However, both political parties are blocking reform in Congress.

The president has been on the defensive for weeks against charges that he went to improper lengths to fund a re-election campaign based largely on television advertising. Yesterday he blamed the television industry for the rising cost of campaigns, noting that candidates spent $400m on broadcast advertisements in 1996, up from $25m in 1972. Presidential candidates spend two-thirds of their campaign money on broadcast advertisements, he said.

During the last two months of the 1996 campaign, five big US networks donated air time to political candidates for the first time.

Mr Clinton yesterday called on the Federal Communications Commission, the US communications watchdog, to make free air time mandatory for broadcasters who receive new digital licences.

He gave no details but conference organisers are calling for TV and radio stations to

Continued on Page 14

Tokyo takes another stride toward 'big bang'

By William Dawkins in Tokyo

Japan yesterday took a big step towards modernising its financial markets. The cabinet adopted plans to permit the establishment of holding companies, set up a financial watchdog and grant more autonomy to the central bank.

The biggest reform of Japan's outdated financial system in more than half a century is expected to win parliamentary approval in June. A fourth proposal – to abandon the significant residue of foreign exchange controls – was rubber-stamped by the cabinet last week. It is also expected to win parliamentary approval.

The package marks the start of implementing "big bang" financial deregulation, intended to boost the sophistication and size of Tokyo's capital markets to rival those of New York and London by 2001. Awaited are the wider "big bang" proposals to introduce freely negotiated commissions for all kinds of financial transactions, and allow banks, stockbrokers and insurance companies to enter each other's business sectors.

The scheme took the finance ministry and Japanese financial community by surprise when announced by Mr Ryutaro Hashimoto, the prime minister, in November. But it has gathered so much support that the once-cautious ruling Liberal Democratic party (LDP) is calling for full implementation by next year.

It also marks significantly reduced influence for the finance ministry, which has been locked in a power struggle with the LDP.

Yesterday's holding company proposal would eliminate a ban more than 50 years old, originally intended to stop the revival of pre-war industrial monopolies. It would automatically permit the creation of holding companies with assets of up to Y15,000bn ($124bn), above which government approval would be required. It would pave the way for the break-up of Nippon Telegraph and Telephone, the country's dominant telecommunications group, into a holding company with one long-distance and two regional units. Such a split is the main part of the government's attempt to promote competition in telecoms to correct Japan's late entry into Internet-based businesses.

The financial watchdog would license and inspect all financial institutions, a job now carried out mainly by the finance ministry – widely blamed for mishandling a series of financial scandals - plus the ministries of trade and agriculture. It would come under the wing of the prime minister, a mark of Mr Hashimoto's wish to accord the highest political support for tough financial policing.

The finance ministry's power would be further reduced by the Bank of Japan's greater autonomy. For the first time, the BOJ will not be obliged to have a ministry representative at meetings deciding monetary policy.

SBC Warburg probed over sale of European shares

By William Lewis and Samer Iskandar in London

SBC Warburg, the investment bank, is being investigated by the Securities and Futures Authority, the UK securities industry regulator, over its apparent mishandling of the sale of £300m ($489m) of European shares for an investment trust, which is believed to have resulted in a multi-million pound loss for the investment bank.

Mr Peter Corrigan has resigned as head of French equities and an equity derivatives trader has also left his job. Several other SBC Warburg executives have been disciplined following an inquiry by the investment bank's compliance officials.

The SFA investigation is focusing on how the prices of several European shares fell sharply last October when SBC Warburg executed a series of share sales on behalf of Kleinwort European Privatisation Investment Trust.

SBC Warburg was commissioned by Kepit to carry out a so-called programme trade, which is now in liquidation. At the end of October SBC Warburg agreed to take on to its books £300m-worth of European shares which it then sought to sell immediately into the market. However, a mistake by an SBC Warburg trader is thought to have triggered the collapse in the price of several shares and resulted in the SFA investigation.

The SFA is also thought to be investigating the extent of SBC Warburg's own holding of Kepit shares. Its traders are thought to have had held a large arbitrage position in the investment trust.

Swiss Bank Corporation, the parent of SBC Warburg, which is today publishing its year-end financial results, refused to comment. The SFA did not return phone calls.

An SFA document seen by the Financial Times states that the regulator is investigating "the activities of Swiss Bank Corporation and its employees in relation to the acquisition of stocks sold by the Kepit plc and any matters arising therefrom".

Under the terms of the trade, SBC Warburg was commissioned to take on £300m-worth of shares held by Kepit at 12.30pm on October 30.

In the few minutes prior to 12.30pm its traders sought to sell into the market the same shares they were about to get from Kepit – a practice known as going short. However, investigators have been told a Paris-based SBC Warburg trader sold just after 12.30pm, thereby triggering a collapse in the price of several French shares.

Investigators have been told that the Paris-based trader put in a very large order almost exactly at 12.30pm. Typically, a trader sells a large block of shares in parcels over a longer period. The action is thought to have effectively frozen computers.

Investigators have also been told that the mistake became known to SBC Warburg executives almost immediately and promptly informed Kepit.

CONTENTS

Reshuffle confirms Russian president wants more direct personal control of events

Yeltsin shows he is back in charge

By John Thornhill in Moscow

Mr Boris Yeltsin, Russia's president, has long loved the dramatic gesture. Yet the decision to reshuffle his entire government, save for its two most senior ministers, counts as an extravagant piece of political theatre even by his own idiosyncratic standards.

The move is clearly designed to show Mr Yeltsin is back in charge in the Kremlin after months of shuttling between the hospital and the sanatorium.

The appointment of the relatively low-profile Mr Valentin Yumashev as head of his presidential administration confirms the view that Mr Yeltsin wants more direct personal control of events.

The need for political action is clear and urgent. Since Mr Yeltsin's re-election in July, Mr Victor Chernomyrdin's government has been drifting with little sense of purpose, passing a wildly unrealistic budget, and allowing economic decisions to be deferred.

Such is the disorder in public finances that millions of federal employees and pensioners have remained unpaid for months, while schools, hospitals, military installations and nuclear power plants have been starved of funds. The union movement is promising a day of protests for March 27 which even Mr Yeltsin concedes is quite legitimate.

"The people are running out of patience," Mr Yeltsin concluded in his state of the nation address last week.

The implicit promise now is that Mr Anatoly Chubais, former head of presidential administration who has been appointed first deputy prime minister, will have the backing to initiate another burst of radical economic reform.

The tax regime, pension system, housing market and the military are all desperately in need of reform, while the grip of Russia's mighty "natural monopolies", such as gas, electricity, and railways, must be loosened.

Mr Chernomyrdin remains prime minister, but Mr Chubais appears in practice to have an almost free hand to form a new cabinet and has already been trying to attract fresh blood from the ranks of the liberal Yabloko party and the reformist regional governors.

Russia's capital markets are in a barely concealed state of euphoria about the possible return of the "boys in pink trousers", as the early reformers were once called.

Mr Chubais's coterie of bright young associates in the presidential administration, such as Mr Alexei Kudrin, Mr Alexander Kazakov and Mr Maxim Boiko, seem likely to figure prominently in the reformist team. Two deputy economy ministers, Mr Sergei Vasiliev and Mr Yakov Urinson, are tipped for higher things.

Mr Yegor Gaidar, the former prime minister who launched Russia's market reforms in 1992 and remains a close friend of Mr Chubais, is expected to be an important influence behind the scenes even if he does not resume a ministerial rank.

Mr Chubais, 41, was raised in a different political climate from Mr Chernomyrdin and has contrasting views to those of the prime minister, who is aged 58.

A trained economist, happy with western ways and fluent in English, Mr Chubais is a technocrat who appears to have little time for the back-slapping Soviet-era managers who have peopled Mr Chernomyrdin's government.

Mr Boris Fyodorov, the former finance minister, points out Mr Chubais has changed a great deal from the ideologically driven crusader of the early reform years who drove through Russia's big privatisation programme. Now, he says, Mr Chubais has the "poison of power in his blood" from his years of negotiating the Kremlin's treacherous corridors and has formed close links with a circle of commercial banks.

"Chubais is very strong and has proved a much better administrator than anybody could have expected," Mr Fyodorov adds. "But he is a different person from two to three years ago. He has steel in him. He has had steel rods put in his back."

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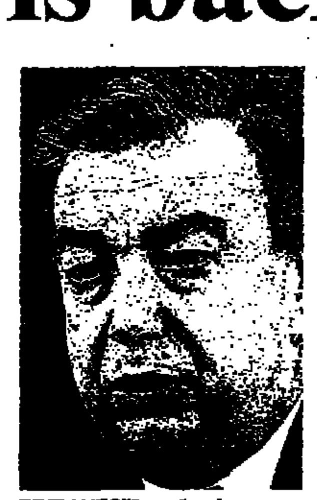
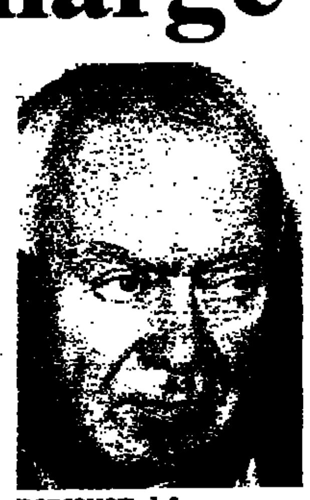
CHERNOMYRDIN: in power for four years, remains PM. He helped run Russia in Yeltsin's absence but some consider him an impediment to structural reform

CHUBAIS: first deputy prime minister, a liberal economist sacked from the same post last year. Now charged with the task of reviving reform



PRIMAKOV: as foreign minister will lead the Kremlin's diplomatic fight against Nato expansion. Expected to stay on in the next government

LIVSHITS: finance minister, proved ineffectual in raising tax revenues, damaging Russia's relations with the International Monetary Fund. Not expected to stay



RODIONOV: defence minister. Last year took control over armed forces battered by scandals and humiliated in Chechnya. He is not expected to stay

Berisha appoints Socialist PM

By Guy Dinmore in Tirana

Albania's embattled President Sali Berisha yesterday appointed a new prime minister from the opposition Socialist party in an attempt to contain a mass insurrection in the south which is spreading towards the capital, Tirana.

But while political parties wrangled over the composition of a government of "national reconciliation", which will call elections in June, Albanians loyal to Mr Berisha seized weapons from two military arsenals in his northern home town of Tropoje, raising fears of a civil war. It was the first time unrest had been reported in northern Albania.

State television said the new prime minister was Mr Bashkim Fino, the former Socialist mayor of the south-east rebel-held town of Gjirokaster. The more powerful position of interior minister went to Mr Berisha's ruling Democratic party.

Rebels in the south, who have seized control of a third of the country, insist that Mr Berisha resign and have rejected offers of an amnesty. The fragmented opposition parties in Tirana admit they have little control over the rebels.

Several countries, including Britain, Germany and Italy, advised their nationals to leave Albania as soon as possible. Diplomats feared the crisis was spiralling out of control.

"We political parties are making blah, blah, blah but we are not really representative of the rebels," said Mr Perikli Teta, a former defence minister and leading member of the opposition Democratic Alliance.

Air force pilots at a major base in Kucove said 25 pilots, along with 19 MiG fighter planes, had handed over the airfield and its arsenal to rebels after refusing to carry out government orders to "scare" rebels. "We are the revolution. We are the people," one pilot said. The pilots kept guard over their planes and said they did not want to be drawn into war.

Defecting army units have also handed over tanks, heavy weapons and thousands of guns to the rebels. Residents said people had started looting weapons from Mjekes near Elbasan, Albania's third largest city lying just 55km by road from the capital. The loss of Elbasan, which lies across the north-south ethnic faultline dividing Albania, would be a serious blow to the government.

But more alarming were reports from residents in the far north-east that 9,000 people loyal to Mr Berisha had seized weapons from military depots in Tropoje. They vowed to defend Mr Berisha if needed. One person was wounded in an explosion. Telephone lines to Tropoje were later cut.

Mr Genc Pollo, adviser to the president, accused defecting army officers of having more allegiance to the old Communist party that ruled Albania for 47 years. Diplomats pointed out that conscripts were paid only a few dollars a month and that many had also lost their savings when fraudulent pyramid investment schemes collapsed in January, triggering the mass revolt in the south.

The rebel leader in Gjirokaster is a retired general, Mr Agim Gozhita, who has organised a defence committee to take weapons from everyone under the age of 18 and stop looting of shops and hospitals.

Rebel representatives from the south-west town of Vlorë who held talks with the Italian ambassador on a warship in the Adriatic on Monday yesterday denied reports they had signed an agreement to persuade townspeople to hand in their weapons. They told residents they were simply seeking aid for the town, which is running out of food.

Mr Pollo said the president would resign only if the opposition won the parliamentary elections planned for June. Mr Berisha imposed a state of emergency last week and was then appointed by parliament for a second five-year term. His rightwing Democratic party won an overwhelming majority in parliament last May in heavily rigged elections.

Western military intervention may be needed to ensure the June elections are carried out fairly and to disarm supporters and opponents of the government, western observers said.

German miners snubbed by Kohl

By Peter Norman in Bonn

Germany's miners have turned the other cheek after being snubbed by Chancellor Helmut Kohl.

Mr Kohl called off planned negotiations with Mr Hans Berger, head of the miners' union I G Bergbau, at short notice yesterday. The chancellor argued that demonstrations by miners near his office would put the government under undue pressure in talks over cuts in subsidies for the coal industry.

In response, Mr Berger appealed to thousands of miners from the Ruhr and Saar coalfields gathered in Bonn to return to their homes to give the talks, rearranged for tomorrow morning, a chance.

For the miners from the Duisburg Walsum colliery Mr Berger's appeal was anything but welcome. "We are here! We are here!" they shouted, before bursting in a robust chant of "Kohl must go. Kohl must go".

But after Mr Oskar Lafontaine, leader of the opposition Social Democratic party, and Mr Joschka Fischer, leader of the Green party in parliament, added their weight to Mr Berger's pleas, most demonstrators started to disperse.

Mr Kohl's action may backfire. The miners' leader urged his members to return to Bonn at midday tomorrow for a demonstration in the event of there being no agreement with the government. He urged them to keep up the protests in their home regions which have brought coal production to a standstill.

Mr Kohl appeared to be influenced by reports of unruliness among protesters who had camped on Bonn's main highway opposite the chancellery since Monday. The demonstrators yesterday showed discipline and good humour.

One protest, in which more than 100 miners stripped down to their underpants and headed towards government buildings to show how Mr Kohl's policies were taking the shirts off their backs, was unconventional by the standards of the German capital.

By calling off the talks, Mr Kohl gave opposition leaders an opportunity to cast doubt on his political courage. "It's hardly a sign of strength," crowed Mr Lafontaine to miners' cheers. However, he and his fellow-speakers were careful not to over-excite the crowd. "Keep cool and don't provoke Fatty in the chancellery," Mr Fischer urged.

Mr Berger said the union was not seeking a total retreat by the government over its plan to cut federal subsidies from DM9bn ($5bn) to DM3.8bn ($2bn) by the year 2005. "We have always been ready for compromise. We will fight on."

Juppé backs quotas for women candidates

By David Buchan in Paris

Mr Alain Juppé, the French prime minister, yesterday proposed a constitutional amendment to set minimum quotas for women candidates in French elections for a 10-year period.

Opening a National Assembly debate on female representation in politics – the lowest of any European Union country except Greece – Mr Juppé suggested that "incentives to female candidates" be introduced in regional, municipal and European parliament elections contested on a list system. Women could then use this as a political base to "launch" themselves into single candidate contests for the national parliament where quotas were less practical.

Mr Juppé said that, after long consideration, he had concluded that "positive discrimination" in favour of women was now necessary. Behind such consideration is the fact the opposition Socialists have recently decided that one-third of their candidates for next year's National Assembly should be women and a slightly uneasy conscience about his autumn 1995 cabinet reshuffle.

The first Juppé government contained 12 women among 43 ministers, while the second numbers only four women – Ms Corinne Lepage, the environment minister, and three junior ministers – among 32. At the time, Mr Juppé rejected charges of misogyny, explaining the disappearance of so many "Juppettes" was because he needed to concentrate maximum experience in a tighter government team.

Only one woman, Mrs Edith Cresson, has ever made it to the top, but her 1991 to 1992 spell as prime minister was not rated a success. As Mr Juppé noted, the proportion of women in the National Assembly has gone down from 6 per cent in 1945 – when women got the vote in France – to 5.5 per cent today.

A constitutional amendment, requiring a three-fifths majority of the National Assembly and the Senate, is required to introduce the quotas. In 1982 the constitutional court struck down a Socialist proposal for quotas for women on the ground that it infringed the 1789 declaration of rights giving all equal rights.

While President Jacques Chirac has left it to his prime minister to woo female voters, he himself spent two hours on national television on Monday night in a quest for the youth vote, much of it devoted to education. Mr Chirac preached the need to use every technological means to improve the preparation of young people for working life, and in his one concrete proposal, he said he was asking the government to lower value added tax on CD-Roms from the standard 20.6 per cent rate to 5.6 per cent.

Corinne Lepage: minister in second Juppé government

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France loses battle on clocks change opt-out

By Caroline Southey in Brussels

France yesterday lost the battle for an opt-out from a proposed European Union law on when clocks have to be changed between summer and winter after 13 member states backed plans to harmonise dates for the next four years.

Ministers rejected France's argument that it should be given the right to keep the same time all the year round. The proposed directive sets the last Sunday in March as the day in which EU countries must put their clocks forward by an hour and the last Sunday in October for putting clocks back an hour. Mrs Ann-Marie Idrac, French secretary of state for transport, argued that there were disadvantages in imposing summer time, particularly for sectors such as agriculture. In addition, changing the clocks had health implications since it could affect sleeping patterns.

"Ministers should take into account quality of life issues and not just look at the technical aspects," a French official said. But the transport ministers rejected France's request on the ground that a unilateral move by one member state could disrupt transport schedules across Europe.

The UK provided France with a measure of support, arguing that it sympathised with the view that countries should be free to apply their own summer time arrangements. Nevertheless, the UK said it was pleased with the EU dates which matched UK times. Britain tabled an amendment suggesting that the dates be set down in a recommendation – which is not legally binding – rather than a directive.

The French government will now takes its battle to the European Parliament which is due to give the directive a second reading. MEPs are sympathetic to the view that the date should be tabled as a recommendation.

However, the proposal will have to return to the council of ministers for a final vote.

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EUROPEAN NEWS DIGEST

Boost for EU rail freight

Four EU countries have boosted the European Commission's drive to improve rail freight services by pushing ahead with plans to try out "freight freeways" running from southern to northern Europe.

Italy, Germany, Austria and the Netherlands have agreed to explore the concept before the end of the year on routes running from Italy to the Netherlands and Germany.

Mr Neil Kinnock, European commissioner for transport, has urged member states to collaborate on freight freeways to shift freight traffic off roads. The freeways are designed to overcome two of the biggest problems – cost and time – which have led freight companies to opt for road rather than rail.

Some member states insist on locomotive and staff changes at border crossings. Freight companies have also been put off by complex charging systems designed to take into account different price rates in different member states. *Caroline Southey, Brussels*

Euro-rap for Renault

Euro-MPs in Strasbourg are today expected to back a resolution condemning the "arrogance and disdain" shown by Renault in its decision to close the Vilvoorde factory in Belgium, and expressing solidarity with the plant's 3,100 workers.

The resolution, proposed jointly by parliament's seven main political groups, also calls for stronger EU rules on worker protection, and for the European Commission to take steps to prevent companies transferring production from one area to another in search of state or EU subsidies.

In Paris thousands of Renault workers from France, Belgium and Spain marched on the company's headquarters in what they called the first "Euro-demonstration" in protest at the plant closure. Some 3,100 jobs will be lost in Belgium and 2,764 in France. *Neil Buckley, Strasbourg, and AP, Paris*

Aids charges may be dropped

France's top prosecutor recommended yesterday that charges be dropped against a former French prime minister, Mr Laurent Fabius, and two other officials accused of providing about 1,300 French haemophiliacs with HIV-tainted blood in 1985.

The recommendation by the chief prosecutor, based on what he called lack of evidence, means it is almost certain the three former officials will not be brought to trial.

The charges came amid a scandal that shook confidence in France's public health system and helped bring down the Socialist government in 1993.

About 1,300 haemophiliacs were infected with the virus, which can lead to Aids, and more than 500 have died. Four high-ranking health officials have since been convicted, and two have been jailed. *AP, Paris*

French drink sales recovering

French wine and spirits exports, recovering from a trade boycott after nuclear tests in the Pacific, rose 5 per cent in 1996 to FFr36.2bn ($6.3bn), industry spokesmen said yesterday.

The industry generated a FFr32bn trade surplus, a quarter of France's total surplus.

"As far as the trade balance is concerned, we come second behind the French aerospace industry but ahead of the automobile and perfume industries," said Mr Philippe Pascal, president of the French Federation of Wine and Spirits Exporters.

Top clients for French wines and spirits last year were Britain, the US, Germany, Belgium-Luxembourg and Japan. *Reuter, Paris*

Italian party funding move

The Italian treasury has finalised details of how to distribute L160bn ($95m) in funds to political parties this year as agreed under controversial legislation passed recently by parliament.

A total of 44 parties and movements have been considered legitimate recipients of public money; 15 of them possess only one member of parliament.

The contributions from taxpayers have been approved despite a 1993 referendum supposedly abolishing the public funding of political parties.

The size of the funds handed out is calculated on the basis of parliamentary representation. The largest amount, L30.7bn, will go to the Party of the Democratic Left, the dominant partner in the government. Forza Italia, the main opposition movement, headed by a former premier, Mr Silvio Berlusconi, will receive L30bn, while the rightwing National Alliance of Mr Gianfranco Fini will have L22.8bn. *Robert Graham, Rome*

Hungarian farmers protest

Hungarian farmers demonstrated yesterday against tax and social security increases, disrupting traffic in Budapest with processions of tractors. Smaller meetings took place in 150 other locations around the country.

The protests began three weeks ago among the wine-growers of Kiskoros, but it is the first time they have reached the capital. The government is taking a firm line, arguing the need to reduce the budget deficit and the burden of social security contributions on western companies in Hungary.

The farmers also claim that unfair competition from west European imports makes Hungarian agriculture unviable.

■ Hungarian consumer prices rose in February by 2.2 per cent on the month and by 18.8 per cent from February 1996, the Central Statistics Office said yesterday. Hungary's trade deficit in January based on preliminary data was $344m. *Anatol Lieven, London*

ECONOMIC WATCH

Swedish investment up

Industrial investment in Sweden grew by 14 per cent in 1996 to SKr65bn ($8.5bn), extending a sharp increase under way since the end of a three-year recession in 1993, Statistics Sweden reported yesterday. But the rate of increase is expected to level off this year, with only a small rise expected over 1997.

The trend offered little hope of a significant rise in employment to cut double-digit joblessness – the biggest problem facing the Social Democratic government. Heavy investment in the pulp and paper and engineering industries over the past four years has not created many jobs. Meanwhile, investment in more labour-intensive service industries has been at a much lower level.

However, a significant increase in investment is due this year in infrastructure on projects such as the extension of mobile telephone networks, the building of a bridge between Denmark and Sweden and a new rail link to Stockholm airport. *Hugh Carnegy, Stockholm*

NEWS: ASIA-PACIFIC

Blast likely to hit Japan nuclear plans

By William Dawkins in Tokyo

An explosion last night at a nuclear fuel reprocessing plant near Tokyo, Japan's second nuclear accident in two years, is likely to add to the growing popular resistance to nuclear power.

Nobody was injured in the blast, at the low-level waste processing plant at Tokai, 115km north west of Tokyo, but at least 10 workers were exposed to low levels of radioactivity during a fire earlier in the day, said Mr Masato Sukagawa, a spokesman for the state-run Power Reactor and Nuclear Fuel Development Corporation. Nobody appeared to be inside at the time of the explosion, according to initial reports. White smoke was seen emerging from the roof of a vitrification facility for liquid waste.

Ironically, the blast came on the same day that one of the country's leading electricity suppliers, Kyushu Electric Power, scrapped a proposed nuclear power station in an unprecedented response to local objections.

Mr Michisada Kamata, vice-president of KEP, which is the sole power supplier on the southern island of Kyushu, apologised to local citizens for "bothering" them and said the unpopular plan had been sent back to the drawing board.

KEP's move marks an extraordinary break with the post-war Japanese consensus that industry comes before individuals. That unwritten accord was vital for economic expansion but has come under increasing strain with the social and political changes that have accompanied the past six years of slower economic growth. "It is very surprising, but the power of local democracy has become much stronger, especially in relation to sensitive matters like nuclear power," said Mr Yasunori Sone, professor of political science at Keio University.

KEP started a feasibility study for two pressurised water reactors near Kushima, a small town on Kyushu, five years ago. The plan ran into immediate resistance. A year later, the municipal assembly decreed that referendum would be needed.

Opposition grew even stronger in 1995, after a prototype fast breeder reactor in Monju, west Japan, sprang a leak. While unrelated to the proven technology that was to have been used in KEP's reactors, the Monju accident heightened public concern over nuclear power, likely to be intensified by last night's accident.

KEP froze its Kushima plan in 1995 but its executives continued publicly to argue that Kyushu needed substantial extra power generation and that Kushima was the likeliest site.

Deadlock between the company and the townspeople came closer when Kushima's mayor, Mr Shigeru Yamashita, was re-elected four months ago on a pledge to hold a nuclear referendum. Cash for a poll was voted in this year's town budget.

The people of Kushima are not alone in taking on the power companies in recent years. Maki, in western Japan, last year held a referendum, the first of its kind, which voted by a wide margin against a plan by Tohoku Electric Power to build a reactor there. TEP has only frozen but not withdrawn its Maki construction plan.

Government officials yesterday played down the impact on energy policy of Japan's growing anti-nuclear movement. Japan derived 34 per cent of its electricity from nuclear power in the year to March 1996. This is to rise to at least 40 per cent by 2010 - contrary to the trend in western Europe and the US - according to the latest government white paper on nuclear policy.

Malaysia plans a capital without paper

By James Kynge in Kuala Lumpur

Malaysia yesterday unveiled key details of its plans to build a paperless administrative capital in an area currently dominated by palm groves and peaceful villages south of Kuala Lumpur.

The initiative to build Putrajaya, first revealed several years ago, is the country's largest single infrastructure project and is forecast to cost an estimated M$20bn ($8bn) by the time all three phases of development are completed in 2005.

The city, with a forecast population of 570,000, will nestle within the "multimedia super-corridor", a similarly ambitious plan to construct a 750 sq km high-technology zone housing the world's information technology companies.

Officials said yesterday that contractors must now push ahead quickly, to have facilities ready for Dr Mahathir Mohamad, the prime minister, to take up his new offices in September 1998, in time for the Commonwealth Games, an event Malaysia hopes will be a showcase for its many developments.

Mr Shahrir Shariff, a general manager of Putrajaya Holdings, a state-controlled company, said that most development "parcels" for the new capital have already been awarded. He declined to identify the names of companies awarded contracts, which have been granted without open tenders.

The first undertaking is construction of the prime minister's offices, an sprawling complex of buildings topped by onion domes. The total floor space with its 220,000 sq metres - more than in one of the two Petronas Towers, the world's tallest buildings, which now dominate Kuala Lumpur.

Officials said privately that although the main development contracts have been awarded to Malaysian companies, foreign companies could expect sub-contractual work.

All government ministries, apart from the ministry of international trade and industry and the ministry of works, are scheduled to move south to Putrajaya after the prime minister is ensconced. The ministries are to be "paperless", communicating with each other and the people by computer, thereby eliminating a labyrinth of documentation.

For foreign embassies, the move raises many questions. Most embassies, believe they must maintain a presence in Kuala Lumpur, which will remain Malaysia's commercial centre. By train, the journey from Kuala Lumpur to Putrajaya is expected to take less than 20 minutes.

Among other recipients of contracts at Petrajaya, according to Mr Shahrir, are Hicom, an industrial conglomerate, which has been appointed responsible for solid waste disposal; Tenaga Nasional, the semi-privatised power utility, which will be in charge of electricity supply; and Telekom Malaysia, the former telecoms monopoly, which is to install a telecoms infrastructure.

Thai property prices feel the draught

When the owners of a newly built office tower in Bangkok recently slashed maintenance expenses, Ms Niphatha Phongphangialwit lost her job as service manager of the half-vacant building. But she appears undeterred by her painful experience with Thailand's growing property glut.

"I might tear down the three houses in the [family] compound and build some condos on the land," she says as she ponders unemployment. "Property seems to be a good investment. It doesn't go up and down so much like the stock market."

Thais such as Ms Niphatha are in for a surprise: land values in Thailand have begun to dip, and analysts say all the elements necessary for a sharp and unprecedented decline in property prices - oversupply, cash-strapped developers, pressure from the government and financial institutions - now exist.

The struggling property sector is one of the main reasons the government has had rapidly to implement several measures in recent weeks to prevent a financial meltdown.

Approximately 10 per cent of all bank loans and 25 per cent of finance company loans are to property developers, and it is estimated that half of those loans are non-performing. In addition, nearly three-quarters of all loans are collateralised by property.

With high interest rates in place to defend the currency against speculators and a run on some finance company deposits, the financial system can ill afford additional liquidity shortages and asset deterioration caused by a fall in property prices.

The property glut warrants a price decline. Estimates by various government agencies of vacant residential units in Bangkok range from 330,000 to 650,000, or between 2.75 and 5.4 years of demand even if no new units are built this year.

In the office market, more than 50 per cent of space completed last year has not been let. According to property consultants Jones Lang Wootton, 1m square metres of new space will be completed annually in each of the next four years but annual absorption of office space is only slightly over half that amount. In central Bangkok alone, the company estimates that by the end of this year almost 30,000 apartment units will remain vacant, equivalent to over six years of demand.

A $3.85bn rescue plan for finance companies over-exposed to the property sector was approved by the cabinet yesterday, but is unlikely to provide much comfort.

"The new plan doesn't address the fundamental situation of oversupply or the need to stimulate demand," says Mr Craig Plumb, director of research and consultancy at Jones Lang Wootton. "It's mostly shuffling chairs around to ease the bad debt situation."

Thai officials say the new plan will give developers five years to tackle oversupply. But while most developers could meet their debt payments by completing and selling their projects, many new projects will inevitably commence: companies have borrowed to purchase vacant land which they now need to develop to generate cash flow. Loans used to purchase undeveloped land are specifically excluded from the bail-out scheme.

Apart from land values, which valuers say have fallen by between 15 and 25 per cent over the past 18 months, property prices have remained flat, prompting fears that if a fall comes it will be precipitous. "Lots of developers have money to hold out for a while but there has got to be a point where prices collapse. You only need one panic transaction to start that," says Mr Wapan Wongpanit, property analyst at ING Barings.

"Prices haven't really fallen because market activity has dried up," adds Mr Plumb. "The market here is different from Hong Kong and Singapore, where the markets adjust quickly. Here it's more like Japan, where prices held up until people were forced to sell and then they fell very abruptly."

The weight which may finally drag down property prices could be the government's new bailout scheme, as financial authorities impose harsh conditions on property companies whose debt they buy.

"Developers will be forced to sell at actual market values," says Ms Duangmanee Vongpradhip, central bank spokeswoman. "If we look at the situation realistically, prices have to be lower. We know that at certain prices there will be buyers."

Many analysts say it will be the commercial banks who decide how much prices fall. There remains enough demand to keep developers afloat for several years if their creditors do not exert pressure. But if banks begin foreclosure they risk triggering a reduction in collateral values.

For big conservative banks which employ independent valuers, a drop in property prices should not pose much of a problem. These often set liquidation value of collateral at about 70 per cent of current market value and then lend only 50 per cent of that value.

But medium-size banks often accept borrowers' valuation of collateral and lend up to 80 per cent, leaving them exposed to even a 20 per cent drop in property prices. Analysts say some finance companies lend amounts greater than 100 per cent of collateral value on the assumption that prices will go up.

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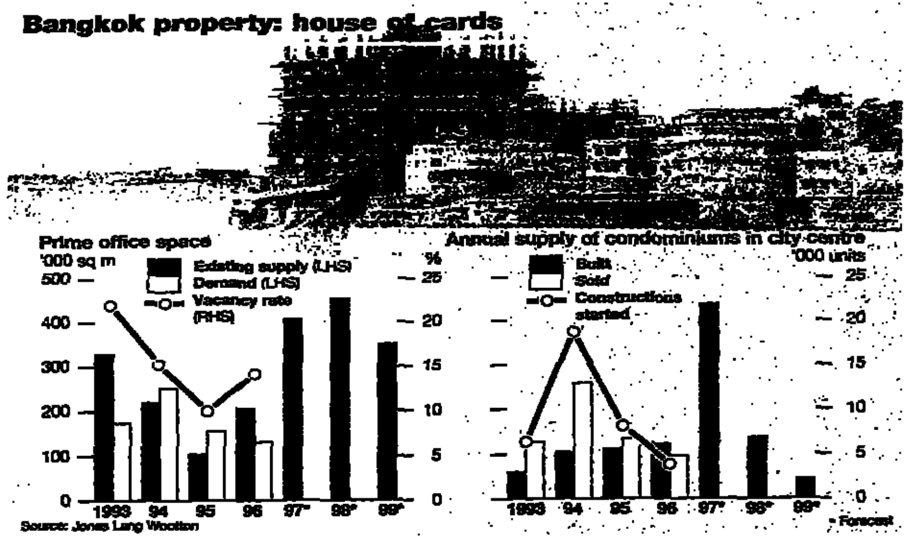
Bangkok property: house of cards



Founder of hotel group upset over share purchase

Ethnic Chinese business assailed in Indonesia

By Manuela Saragosa in Jakarta

Simmering anti-ethnic Chinese sentiment between Indonesian business leaders was forced into the open yesterday when the founding family of a listed hotel and restaurant company took the unusual step of condemning the acquisition of shares in the company by the ethnic-Chinese owned Lippo group.

The Diah family, which founded Hotel Prapatan, a listed company, announced plans to sell its remaining stake in the hotel developer but was angered by Lippo's acquisition of shares in the company.

The Diahs are known locally as a *pribumi* family (literally "sons of the earth") while Lippo Group's founding shareholders are the ethnic Chinese Riady family.

"This is bad news," Mr Diah said in a press release. "Politically it is quite sensitive that a business founded by a *pribumi* family be taken over by a conglomerate controlled by *non-pribumis*."

The ethnic Chinese have long been a resented minority in Indonesia, where they constitute less than 2 per cent of the country's 200m population but form a dominant commercial class. Although *pribumi* businessmen complain privately of the domination of ethnic Chinese conglomerates, they rarely air their grievances.

The Diah family's statements comes as anti-ethnic Chinese sentiment is running high. Riots on the main island of Java in the past six months have involved Moslem protesters torching Christian churches - Indonesia's ethnic Chinese are mostly Christian - and attacking ethnic Chinese houses and businesses.

Lippo Group would not comment yesterday. The row comes at a time when the Riady family is undergoing intense scrutiny for their apparent role in controversies surrounding contributions to US President Bill Clinton's Democratic party re-election fund.

The Lippo Group has also recently undergone a controversial restructuring of its financial services division and has flagged it intends the same with its property units. It has bought a company in Singapore, at a time when there have been grumblings about ethnic Chinese capital being invested offshore, and expanded into retailing in Indonesia.

"James (Riady, the group's deputy chairman) has a cupful of acquisitions and restructuring to do within his Lippo Group," the Diah family's press release went on to say. "I think he should consolidate them first... and mind his own business."

The Diah family said Lippo group had acquired its stake in Hotel Prapatan through the daughter of the former president of the state gas and oil company Pertamina, after she defaulted on loans she had taken with Panin Bank to buy shares in the hotel developer.

The Diah family has also sold another 40 per cent of its holdings in Hotel Prapatan to prominent Indonesian *pribumi* Djojohadikusomo family.

The Djojohadikusomo patriach is seen as the architect of President Suharto's New Order economy, while his youngest son General Prabowo is married to Mrs Siti Hediati Prabowo, one of Mr Suharto's daughters.

"It is only natural that we (the Diah family and the Djojohadikusomo family) want to see that the company is in good hands," the press release said. "Being *pribumi* ourselves, we also wish that it will remain so."

Australian 'work for dole' wins go-ahead

By Nikki Tait in Sydney

Australia is to press ahead with a controversial compulsory "work for the dole" scheme - a project which the government claims "will help break the cycle of despair and despondency" that accompanies youth unemployment.

Unemployment in Australia has remained high since the recession in the early 1990s. The jobless rate has failed to fall below 8 per cent and currently stands at 8.6 per cent, with an estimated 800,000 people looking for full or part-time jobs. More than 220,000 people are thought to have been unemployed for more than a year.

The "work for the dole" scheme, first mooted by Mr John Howard, the prime minister, earlier this month, was formally approved by the conservative federal government yesterday. Legislation will be introduced into parliament next week and the scheme could start to operate by September.

Under the government's proposals, up to 10,000 individuals aged between 18 and 24 will participate in 70 pilot schemes, which are likely to have a "community service" thrust. The scheme envisages that they receive "award" rates of pay, equivalent to their unemployment cheques, for working about two days a week. They will get an additional A$10 (US$7.90) a week to cover transport and other costs.

The scheme has been attacked by opposition parties as "tokenism" which will do little to resolve Australia's unemployment problem. However, the proposal appears to be popular among the electorate.

The Labor opposition said yesterday that, while it might seek to amend the legislation, it would not attempt to defeat it. "If this is the only proposal they have, we'll improve it as much as we can, but we will not stand in the way of it," said Mr Bob McMullan, shadow minister for industrial relations.

"We don't like this proposal - it's not the best response to the problem, it's not even the fourth or fifth best response but it seems to be the only response the government's got," he added.

The former Labor government introduced more comprehensive labour market programmes but these were largely unwound by the new government last year as it attempted to find budget savings.

Mr Howard has argued that his government's industrial relations legislation, which was passed late last year and essentially extends labour market deregulation, will help cut unemployment. However, he has also acknowledged that the reforms may take time to work through.

Lee may launch HK court action

By John Ridding in Hong Kong

A legal showdown over Hong Kong's post-handover legislature moved a step closer yesterday after Mr Martin Lee, leader of Hong Kong's largest pro-democracy group, threatened to take the Beijing-backed body to court if it passed laws before July.

The challenge followed a statement on Monday by Sir Chung Sze-yuen, a senior adviser to Mr Tung Chee-hwa, the territory's future leader, who said the provisional legislature could complete readings of bills. Members of the provisional legislature, which will replace the existing elected body after the handover on July 1, said they expected to proceed with work on sensitive laws concerning civil liberties and subversion.

Mr Lee said his party would immediately take the handover legislature to court if it made laws. Other pro-democracy politicians said the reading of bills before July contradicted a pledge made by Mr Qian Qichen, the Chinese foreign minister. Last year, he told Mr Malcolm Rifkind, his UK counterpart, that the provisional legislature would not operate simultaneously with the Legislative Council, elected in 1995 under democratic reforms implemented by Mr Chris Patten, the Hong Kong governor.

The latest step in the controversy over the provisional legislature came amid a move by the Hong Kong government to assist Mr Tung in preparations for his post-handover administration, and a dispute over Beijing's call to revise school textbooks in the territory.

The Hong Kong government said it had agreed to second two senior officials to Mr Tung's office. Mr Michael Suen, home affairs secretary, will take up the post of secretary for policy co-ordination, while Mrs Irene Yau, director of information services, will take the same position in Mr Tung's office. Mr Tung said the additional staffing was necessary to respond to his growing workload.

He dismissed claims that Mr Suen and Mrs Yau would face pressures relating to differences between the present and future administrations, such as their stance on the provisional legislature.

ASIA-PACIFIC NEWS DIGEST

Hanoi tightens Internet curbs

Vietnam, in its first significant step to control access to the Internet, has issued new rules restricting users to one service supplied by the state-run telecommunications company. The move coincides with a clampdown on satellite dish use, with officials set to implement a ban on ordinary Vietnamese using dishes to watch foreign television broadcasts.

The moves are apparently inspired by conservative figures in the military and interior ministry, who are keen to see more controls on information. Diplomats note increased censorship of the local media in recent months.

All Internet service providers must link up to a gate operated by state-controlled Vietnam Posts & Telecommunications. Hanoi is particularly keen to stop its citizens reading a Internet pages and web sites set up by overseas Vietnamese groups opposed to the Hanoi government. Vietnam has six Internet providers, including two operated by the military. The civilian networks are small and sustain a subscriber base of only about 1,000 - mostly foreign businesses and non-governmental organisations. *Jeremy Grant, Hanoi*

Zhu misses Clarke meeting

Mr Zhu Rongji (*pictured left*), China's senior vice-premier in charge of the economy and possibly the country's next premier, has entered hospital with severe influenza, according to a European diplomat. Mr Zhu, 68, was scheduled to received Mr Kenneth Clarke, the UK chancellor of the exchequer, in Beijing at the weekend, but did not appear. A Chinese official said that he was indisposed. Mr Zhu did not attend a session on Monday of the National People's Congress, the Chinese parliament. He is a key figure in the Chinese hierarchy and was largely responsible for calming an overheating economy in 1993-94, when inflation exceeded 20 per cent. *Tony Walker, Beijing*

UK-China finance dialogue

The UK and China have established a mechanism for regular financial dialogue under an understanding reached by Mr Kenneth Clarke, the British chancellor of the exchequer, on a visit to Beijing. Mr Clarke said yesterday at the end of a three-day stay that the dialogue would be similar to those the UK conducts with its Group of Seven partners and would complement the existing UK-China Joint Economic and Trade Commission.

Agreement on an expanded financial dialogue follows the signing last year of a memorandum of understanding on securities co-operation which was aimed at consolidating links between London and China's stock exchanges. *Tony Walker, Beijing*

■ Mr Al Gore, the US vice president, will visit China from March 24 to 28, becoming the highest US official to travel to Beijing since the Tiananmen Square massacre by the Chinese army in June 1989. Mr Mike McCurry, the White House spokesman, said Mr Gore also would visit Japan and South Korea. *AFP, Washington*

Ramos bans film about maid

President Fidel Ramos has suspended the showing of a film about a Filipina maid who escaped execution in the United Arab Emirates, saying it could harm ties with the Gulf state, the government said yesterday. About 80,000 Filipinos are working in the Emirates. Mr Ramos, who is visiting Bahrain, said the showing of the film "Sarah Balabagan Story" could also endanger negotiations to save the life of another Filipino worker in jail in the UAE for killing a man. The film's producers have issued newspaper advertisements saying the movie would be shown in Manila cinemas starting today. *Reuter, Manila*

Leave door open to Turkey, US tells EU

By Bruce Clark

Mr Carey Cavanaugh, the US troubleshooter on Greek-Turkish issues, yesterday urged European allies not to slam the door for ever on Turkey's aspiration to join the European Union.

He was speaking in London at the start of a hastily organised tour of European capitals that reflects US concern over the worsening atmosphere between Ankara and leading EU members.

Chancellor Helmut Kohl of Germany and five other European leaders on the political centre-right agreed at a meeting in Brussels last week that Turkey's poor human rights record, culture and size disqualified it for the the EU.

Mr Cavanaugh said comments like this had led to "growing concern in Ankara that doors may be shut" because of the increasingly open suggestions it might never have the potential to become a member. Washington felt "concerns about the way the EU handles Turkey" and would like Ankara to be offered at least a reasonable prospect of steadily deepening relations with the European club, he said.

The tour by Mr Cavanaugh, who headed for The Hague last night and will also visit Paris and Bonn, coincides with a formal undertaking by Turkey's foreign ministry to improve the country's human rights record.

"Our goal is to drop the issue of human rights both from the agenda of Turkey and from the Turkish-EU relationship by the end of the year," said a ministry statement, adding that governors and police chiefs had been told to monitor human rights more closely and stop prisoners being ill-treated.

UK officials said they shared the US feeling that comments at last week's meeting of Christian Democratic leaders had gone too far in snubbing Turkey, whose wish to join the EU should be "taken seriously" in London's view.

But Britain did not believe the EU should start entry negotiations with Turkey in defiance of the advice of the European Commission, whose most recent pronouncement on Turkey's eligibility, eight years ago, was negative.

Extremists fight on campus

Islamists seek recruits in Istanbul as left and right do battle

Istanbul University, the *alma mater* of Turkey's elite, has always been an ideological battleground. But recently, fighting between extreme leftwing and rightwing students has become frequent and bloody. Usually it is the rightwingers – some wielding meat cleavers – who come off better.

Police in riot gear patrol the university's Beyazit campus, which dates back to Ottoman times, to prevent clashes. But most students and faculty members say police side with the far-right Idealist movement, even helping them smuggle weapons into the university.

The Idealists say faculty members shield leftists. Mr Mehmet Bülent Karataş, Idealist youth leader, has threatened to "take the necessary measures" against Mr Ülkü Azrak, dean of the political sciences faculty.

The surge in battles between the left and right brings back troubling memories of the 1970s, when extremists battled for control of universities, streets and entire neighbourhoods. The Idealists are direct descendants of the Grey Wolves street fighters, recruited in the 1970s by the far-right Nationalist Action party. Fighting claimed hundreds of lives and contributed to the last military takeover in 1980.

Fears of another coup d'état rose during last month's confrontation between the secularist army and Mr Necmettin Erbakan, the Islamist prime minister. The army threatened unspecified "sanctions" against Mr Erbakan unless he cracked down on Islamist organisations.

According to Mr Ersin Durna, a political sciences student, "the university reflects what is going on in the streets. Turkey is boiling over." Mr Kürsat Karataş, a Marxist student, contends: "This not a free democratic society. We want to [be the] spark for the people to rise up. If we stay silent, everyone will be silent."

However, only a small core of activists are drawn into fighting. The hard left has only some 200 activists among the political science faculty's 3,000 students. Mr Azrak reckons the right has just five activists. Students say Idealist fighters are not even enrolled in the university, but enter from outside to attack leftist rallies and demonstrations.

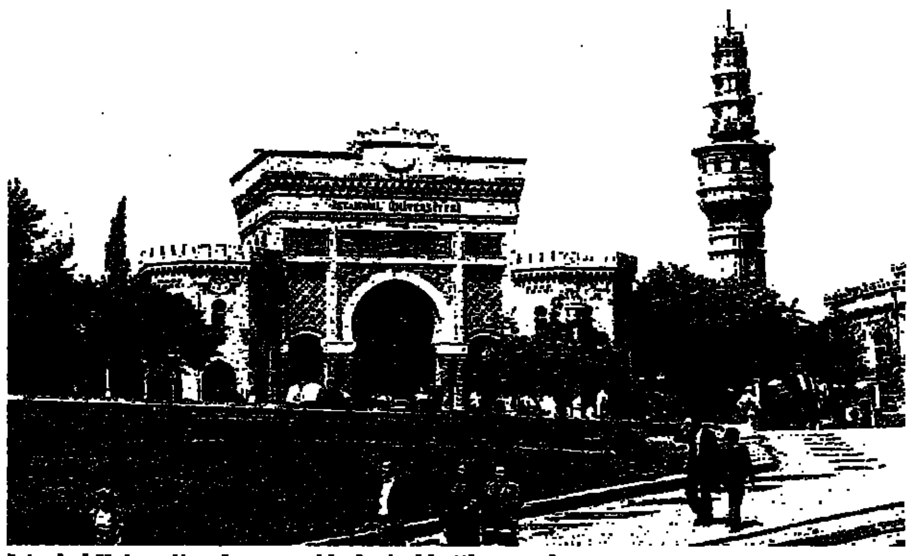
Few think these battles have much wider relevance. They are more worried that confrontation between the generals and Mr Erbakan is radicalising Islamist students who comprise one-fifth of the student body and normally keep a low profile.

The Islamist Samanyolu television station has attacked Mr Azrak for discriminating against Idealist students. He is considering toughening foreign language entry requirements, hoping this will deter the less cosmopolitan Islamists.

Mr Azrak says the Islamists "seemed domesticated [but] are gradually becoming more militant and active". Idealists have begun linking up with extreme Islamists. Clashes during Ramadan, the Moslem holy month of fasting, between non-observant leftists and Idealists chanting Islamist slogans are becoming more violent.

But Mr Idris Sayin, an Islamist student leader, denies this: "We do not get involved in fighting. We think it is artificial." The Islamists concentrate on winning over as many students as possible to their cause through persuasion not coercion.

Mr Sayin says the Islamists will dismantle the "unjust" secular state from within and, preferably, by democratic methods. "At the moment we have a democratic struggle. It is the people who will decide [on secularism]. Will they accept something [Atatürk] wrote 70 years ago or will they accept Allah's laws?" Mr Sayin has no doubt about the outcome: "It is a process that is continuing and will grow gradually."



Istanbul University: always an ideological battleground

The Islamists are literally working to move this process forward. Unlike most secularist students, they study hard. High marks win them key positions in the judiciary and the powerful bureaucracy, allowing them to work quietly on establishing an Islamic state and turn Turkey away from pro-western secularism.

Mr Ogün Keleş, a secularist student says: "I would get less than a lemon seller in the market if I worked in the state. The Islamists have an ideology and they are ready to suffer for it. Not me. They will take the best places in the state and put their people there."

Like most Turks he despairs that mainstream political leaders are too corrupt and discredited to stop the Islamists. Some students are tempted to put their trust in the army to prevent an Islamic state. But few are ready to give up on democracy.

Mr Durna, the student, says: "This country is not totally democratic but no one wants to lose democracy even if it is weak. Everyone wants it to be strong. No one wants to lose what they have."

John Barham

Branson waits to see if Hydra can be Virgin territory

By Kerin Hope in Athens

Greece's government is trying to attract foreign investment but the Virgin group is still struggling to win a permit from the state archaeological service to build a $30m luxury hotel on the island of Hydra.

The project by Virgin Hotels, headed by Mr Richard Branson, has been delayed for over three years and has become a test case for the government's commitment to removing obstacles to investment and improving the quality of tourism, Greece's biggest industry.

In Athens yesterday, Mr Branson tried to quell fears that the 50-suite hotel, designed to imitate the austere style of Hydra's 200-year-old mansions, would cause environmental damage. Modern buildings are banned on the island, there are no roads and transport is by donkey.

"The hotel will be built by Hydriot craftsmen. We'll have the materials carried by donkey, and there's no question of building a road," he said. "It'll be the most upmarket hotel in Greece."

Virgin Hotels has persisted with the project although its earlier applications to build a hotel in the rocky valley outside the island's port were rejected in 1993 and 1994. The archaeological service said the valley's "natural and archaeological character must be protected and remain undamaged by intervention of any kind".

Since December, officials at Greece's new "one-stop-shop" for promoting foreign investment have been trying to persuade the archaeological service to rule on the current plan for the site.

But the Central Archaeological Council, a group of scholars and architects with a reputation for resisting pressure, refuses to be hurried. After delaying the decision for a year, it ordered a new archaeological and environmental study of Hydra which is not due to be completed before the summer.

Mr Branson said that "probably 99 per cent" of Hydra's 2,000 residents were in favour of the project. But plans for the mayor and other islanders to back him in Athens yesterday fell through because stormy weather in the Aegean prevented ships from sailing.

Several Greek environmental groups have come out against the project, but only two protesters were on view yesterday. Mr Joseph Efraimidis, an architect and town planner, stood outside the hotel where the news conference was held with a placard saying "Richard Branson – Keep Hydra Virgin."

Dutch bourse controls criticised

By Gordon Cramb in Amsterdam

Amsterdam bourse authorities failed to exercise adequate supervision over two securities trading houses which collapsed early this decade, according to an investigation by regulators and government consultants whose report the owners of the stock and options exchanges have been seeking to suppress.

The two associations of trading firms which control the newly reconstituted Amsterdam Exchanges (AEX) were said to be angry yesterday after Mr Gerrit Zalm, the finance minister, revealed the main findings of the inquiry into the collapse of Nusse Brink Commissionairs and Regio Effekt Holding.

A judge is due to rule on Friday on an injunction sought against Mr Zalm by the associations, which maintain that publication involves the disclosure of information which under European regulatory agreements should remain confidential. The minister, in a letter to the lower house on Monday, said he was releasing the outline conclusions without breaching those requirements, in order to satisfy parliamentary demands for immediate clarification on the outcome.

The inquest into the Nusse Brink affair, which involved many unrecorded share transactions, is concluding as the exchange associations seek to place half the shares in AEX with institutions and listed companies. A prospectus for the company was issued in February.

Mr Zalm told parliament the report compiled by the STE, the recently strengthened securities regulator, and the accountants Coopers & Lybrand found that the bourse authorities had been insufficiently critical in their assessment of the two trading houses and provided only limited information to the then embryonic STE.

NEWS: INTERNATIONAL

State handouts damaging the global environment, says report by 'green financier'

World Bank calls for end to fossil fuel subsidies

By Leyla Boulton in Washington

The World Bank, describing itself as the world's largest "green" financier, yesterday called for the elimination of billions of dollars of environmentally damaging subsidies.

It singled out subsidies of fossil fuels for criticism. These account for 90 per cent of energy consumption and are seen as an important cause of global warming. Subsidies for irrigation water and pesticides also came under fire.

Despite a halving of subsidies for fossil fuels in the five years since the Rio "Earth" summit, there remained considerable scope for further progress, particularly in the developed world.

Environment Matters, a bank report, noted that the industrialised nations of the Organisation for Economic Co-operation and Development, accounted for two-thirds of subsidies with environmental consequences, with the remainder in the developing world.

Expanding the Measure of Wealth, another of three reports published by the Bank for the 5th anniversary of the Rio summit, says for instance that German coal subsidies in 1993 accounted for 70 per cent of $9.5bn in OECD government handouts to energy producers.

But eliminating OECD coal producer subsidies alone would reduce by 1.5 per cent global emissions of carbon dioxide, one of the greenhouse gases associated with climate change.

The report also complained that the rate of subsidy, as opposed to the overall quantity of subsidy indicated in the graph, remained particularly high among oil producers such as Iran and Saudi Arabia.

While Environment Matters even outlined tips to help policy-makers make unpopular subsidy cuts – "for example threaten a tax hike to meet some fiscal shortfall then offer to reduce a subsidy instead of introducing the tax" – it said the perceived benefits of subsidies were mostly illusory.

"While there may be 'good' subsidies in principle, in practice most are wasteful of scarce fiscal resources, miss their intended targets (the poor, for example), and have the undesirable effect of stifling innovation and limiting competitiveness," it said.

It went on, however, to describe the removal of subsidies as just the "first step" to switching the world to more environmentally sustainable development. Another important step was to reform prices of energy and other commodities so that they incorporated the "full environmental and social costs of consumption".

Mr Ismail Serageldin, the Bank's vice-president for sustainable development, agriculture and water, said that "incorporation will show people that the perceived conflict between environment and development is not ... real".

He added, however, that an important obstacle to such reforms was the fragmentation of policy-making, say on the use of the Nile's resources, among different government bodies, and in the case of some water basins, between countries.

As part of its drive to catalyse action by governments and the private sector, the Bank plans to do more to co-ordinate the efforts of various actors in environmental crises.

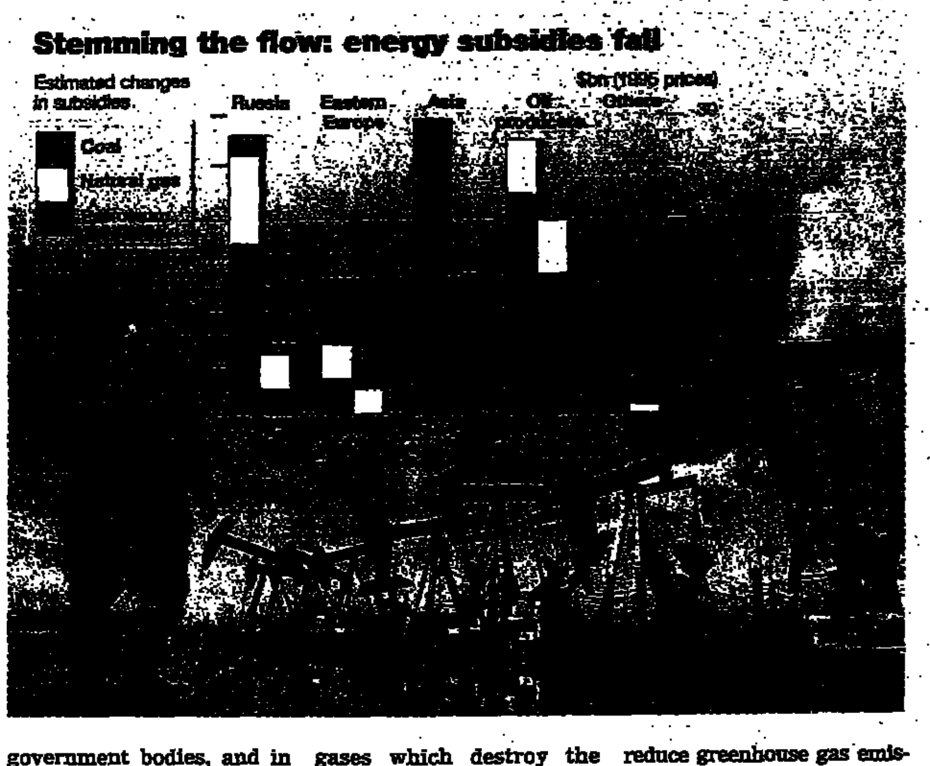
Another of its new resolutions is to plug the gaps in international agreements for dealing with global environmental problems. In this spirit, the Bank yesterday unveiled a $27m agreement to compensate Russian factories for stopping by the end of 1998 the production of chlorofluorocarbon (CFC) gases which destroy the ozone layer.

Russia has so far said that unlike other industrialised nations it cannot afford to stop CFC production, making it the biggest supplier for a $300m global black market in the gases.

At the same time the bank announced it was reviewing all the fossil fuel projects it had financed over the past five years to see how much extra more environmentally friendly alternatives would have cost.

The main aim of the exercise is to demonstrate how industrialised nations could help the developing world reduce greenhouse gas emissions by paying for the extra cost of more energy-efficient or renewable energy technology.

It also indicates the Bank's support for international trading in carbon emissions as the most cost-effective way of cutting greenhouse gas emissions. Favoured by the US but viewed with suspicion by the European Union, emissions trading would allow rich countries to pay either in cash or through technology transfers for emission reductions in developing countries where they often cheaper to achieve.



Arafat calls peace process crisis meeting

By Judy Dempsey in Jerusalem

Mr Yassir Arafat, president of the Palestinian Authority, yesterday invited countries involved in Middle East negotiations to hold a special session on the future of the peace process.

The meeting, planned to take place in Gaza on Saturday, is aimed at breaking the deadlock between Israel and the Palestinians.

It signals a shift in strategy by the Palestinians who now seem prepared to use every diplomatic channel and all political means to push the peace process forward.

Mr Nabil Abu Rdainah, Mr Arafat's spokesman, said it would "assess the peace process in its entirety and the crisis in the negotiations resulting from the Israeli practices."

He added that Mr Arafat would ask the participating countries, which would include the US, Russia, the European Union, Egypt and Jordan, "to shoulder their responsibilities".

The announcement follows a stinging letter sent by King Hussein of Jordan to Mr Netanyahu in which he criticised Israel's decision to go ahead with the building of a new Jewish settlement at Har Homa in east Jerusalem, the closure of four Palestinian offices in the city and the "humiliating" scope of the first of the three Israeli military pullbacks from the West Bank.

That pullback, rejected by the Palestinians, amounted to 9 per cent of land being ceded to Palestinian control while seven of Mr Netanyahu's cabinet ministers voted against the pullback claiming it was a betrayal to the Jewish settlers as well as the government's commitment to a greater Israel.

"The letter shows the king's growing frustration about the slow pace of the peace process," a Jordanian spokesman said. "We appreciate that the prime minister has domestic/political pressures but these cannot be always used as an excuse for the little progress recently made."

Mr Yitzhak Mordechai, the Israeli defence minister and one of the more dovish members of the cabinet, yesterday held talks in Amman with the Jordanian leadership to try to smooth relations. But King Hussein's criticisms of Israeli policies coincide with growing scepticism from other Arab countries as well as the EU capitals about Mr Netanyahu's commitment to building trust with the Palestinians, considered a fundamental plank of the peace process.

Israeli officials yesterday brushed aside international condemnation of its recent decisions, saying that the government would not be put under such pressure. "Just because the Palestinians do not like the extent of the recent pullback does not mean we have to jump every time they threaten us," an Israeli government spokesman said.

INTERNATIONAL NEWS DIGEST

WHO attack on cloning

The World Health Organisation said yesterday it regarded the use of cloning to replicate human beings as "ethically unacceptable". Dr Hiroshi Nakajima, the WHO director-general, said human cloning would violate some of the basic principles governing medically assisted procreation, including "respect for the dignity of the human being and protection of the security of human genetic material".

His statement follows a recent forecast by British researchers who successfully cloned an adult sheep that human cloning could be a reality in one or two years. The WTO chief said a group convened by the UN body in 1992 had concluded that "extreme forms of experimentation, such as human cloning" should be prohibited.

But he emphasised that opposition to human cloning should not lead to an indiscriminate ban on all cloning procedures and research which could aid the fight against cancer and other diseases. *Frances Williams, Geneva*

Sweden in nuclear arms plea

Sweden yesterday called on the five declared nuclear powers immediately to take their nuclear forces off alert to reduce the risk of an accidental weapons launch. Addressing the United Nations disarmament conference in Geneva, Ms Lena Hjelm-Wallén, Sweden's foreign minister, said the 61-member disarmament conference should explore proposals made by the Canberra Commission last year for a series of concrete steps towards a nuclear-weapon free world. The proposal to take nuclear forces off alert could be implemented immediately, she said.

The Swedish foreign minister also urged the conference to launch negotiations on a treaty to halt production of weapons-grade fissile material and to work towards a total ban on landmines. The UN body has been unable to start talks on either issue because developing countries insist that the nuclear powers first pledge to negotiate complete nuclear disarmament within a fixed time-frame. *Frances Williams, Geneva*

Belgian banker to head BIS

Mr Alfons Verplaetse, governor of the National Bank of Belgium, has been appointed chairman and president of the Bank for International Settlements, the Basle-based organisation owned by the world's leading central banks. He will take over in June from Mr Wim Duisenberg, president of the Dutch central bank, who will replace Mr Alexandre Lamfalussy as head of the European Monetary Institute, the forerunner of the new European Central Bank. *William Hall, Zurich*

Afghan pipeline rivalry grows

Competition between an Argentine oil group and a US-Saudi consortium to promote a pipeline between Turkmenistan and Pakistan via Afghanistan has heated up. Bridas, a Buenos Aires-based company, has claimed that all the warring Afghan factions want to see work started "without waiting for the end of hostilities".

A rival consortium of Unocal of the US and Delta Oil of Saudi Arabia is also negotiating to build a pipeline through Afghanistan. It is being sued in the US by Bridas, which claims it interfered with its "exclusive rights" to build the pipeline. *Robert Corzine, London*

NEWS: THE AMERICAS

Jackson strikes a blow at Wall Street's walls

By Tracy Corrigan in New York

The Rev Jesse Jackson has taken his battle for racial equality in US corporations to the heart of the corporate establishment. His Rainbow/PUSH Coalition yesterday opened its financial bureau at 40 Wall Street, a prestigious office development set among New York's investment banks, securities firms and stock exchanges.

"The walls of Wall Street must come down," said Mr Jackson.

The organisation has recently been involved in series of widely publicised boycotts of large companies, such as Texaco and Mitsubishi Motors, charged with discriminating against minority workers. Some subsequently agreed to compensate workers and institute changes to their corporate culture.

The stated aim of the Wall Street project is to "end the one-way trade between minorities and corporate America", the group said. "There is a multi-billion-dollar trade deficit between corporations that target us for consumption and then boycott us as trading partners."

The coalition will focus initially on consumer industries such as cars, foods and energy, where the threat of boycott is most potent.

While the direct financial impact of such boycotts is often questioned, there is little doubt that the surrounding publicity has encouraged some companies to act.

Mr Jackson argues that such tactics are needed because the legal system is failing, citing the Equal Employment Opportunity Commission's backlog of over 100,000 cases filed against companies. The government was auditing the poorest people through increased scrutiny of welfare recipients but there was never that kind of challenge to companies, he claimed.

Historically, the civil rights movement has concentrated on political and legal rights, and "there was not the focus there should have been on the private sector," according to Mr Jackson.

As a result, blacks were still largely excluded from private-sector jobs. Figures from the Bureau of Labour Statistics show that, as of October 1996, 20 per cent of the black workforce is employed by federal state or local government, compared with only 1 per cent of white Americans.

The New York bureau will research discrimination against minorities by companies, negotiate with management, and if necessary organise boycotts. But the Rev Jackson insists "we are not looking for boycott targets, we are looking for trading partners."

US workers raise their productivity

By Gerard Baker in Washington

US productivity increased 0.7 per cent last year, the fastest rate of growth since 1992, the Labor Department reported yesterday.

The increase, revised downward from an estimated 0.8 per cent improvement, was up sharply from the near-zero rates of growth of the last four years.

But it was still slightly lower than the average annual productivity increases of about 1 per cent in the 1970s and 1980s, and was far below the growth recorded in the 1950s and 1960s, when productivity rose at an annual rate of 2 per cent or more.

Productivity measures real output per worker, and is critical in determining how much non-inflationary growth an economy can sustain. Manufacturing productivity increased sharply last year, up by 3.9 per cent from a year earlier, the fastest growth in 10 years.

But the manufacturing sector now accounts for only about 18 per cent of all US business employment. The services sector, which has expanded in size over the last 20 years, has recorded virtually no growth in productivity in the past four years. That has pushed officially measured overall productivity growth in the economy close to zero in the same period.

Economists have expressed scepticism about the reliability of the figures, however, especially those relating to services. Output of services is hard to measure, and in the past year the Labor Department has changed the way of calculating it.

Officials at the Federal Reserve, the US central bank, believe the services sector performed better than recorded by the official figures. The Labor Department also reported that unit labour costs rose 2.9 per cent last year. The rise was the same as that for 1995, but recent indications of faster increases in wage costs mean overall unit labour costs could start to accelerate again in 1997. This will weigh heavily with the Fed as it considers whether to raise interest rates.

In a separate report, the Commerce Department said sales by wholesalers rose a seasonally adjusted 1 per cent in January from a month earlier, having been flat in December.

An equal rise in business stocks in January meant the ratio of stocks to sales was unchanged at 1.27, still close to a six-year low.

War of words over impact on Cuba of Helms-Burton

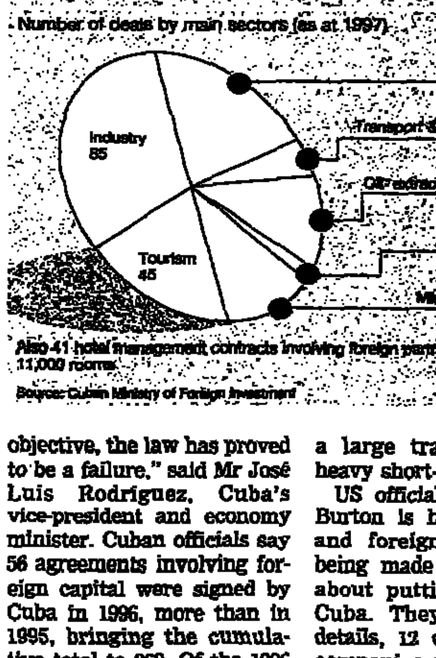
Sol Meliá, ING Bank, Castrol, Sherritt... The company signs and flags that compete with embassy name-plates in Havana's elegant western suburbs bear witness to the continuing presence of foreign businesses in Cuba.

Cuba's leaders use this to argue that the US Helms-Burton law, which has its first anniversary today, has visibly failed to provoke any large-scale withdrawal from the island by foreign investors.

But the same officials admit the US legislation has frightened off some potential new investors, complicated foreign financing flows, and generally tightened Washington's economic and diplomatic squeeze on President Fidel Castro's government.

The law, introduced by President Bill Clinton on March 12 1996 after Cuba shot down two small US aircraft, codifies 35 years of US sanctions against the island. It demands Cuba dump Mr Castro, abandon one-party communism and embrace multi-party democracy. It threatens penalties against foreign investors who "traffick" in expropriated, formerly US-owned properties.

The official title of the Helms-Burton law is the Cuban Liberty and Democratic Solidarity Act. Cuba rejects it as the "law of slavery". Each side has conflicting views on what its real impact on Cuba's economy has been.



Also 41 hotel management contracts involving foreign partners, covering 11,000 rooms

Source: Cuban Ministry of Foreign Investment

"I think that in its basic objective, the law has proved to be a failure," said Mr José Luis Rodriguez, Cuba's vice-president and economy minister. Cuban officials say 56 agreements involving foreign capital were signed by Cuba in 1996, more than in 1995, bringing the cumulative total to 260. Of the 1996 deals, 42 reportedly took place after the introduction of Helms-Burton.

But Mr Rodriguez acknowledged the legislation had hurt Cuba's economic recovery efforts, mainly by raising the cost of foreign credits and delaying some investment and financing decisions. "But I think we can get over the short-term effects."

After announcing 7.8 per cent growth in gross domestic product for 1996, the Cuban government is forecasting continued but slower growth this year as it tackles a large trade deficit and heavy short-term debt.

US officials insist Helms-Burton is having an effect and foreign investors are being made to think twice about putting money into Cuba. They cite, without details, 12 cases of foreign companies which they say stopped using confiscated US property or refrained from other activities covered by the legislation.

But it is difficult to find clear, concrete evidence of companies disinvesting from Cuba as a direct result of the Helms-Burton law. Foreign investment activity there has become more shrouded in secrecy than ever.

US officials allege Cementos Mexicanos (Cemex), the Mexican cement giant, pulled out of an investment. But several sources on the island say the Mexican company is still linked to cement production there.

Last year, the Dutch ING Bank, citing Helms-Burton, announced it was not renewing contracts to finance sugar production in two Cuban provinces. But the bank maintains its office in Havana and remains active in financing projects, in the Cuban nickel sector, for example.

While Mr Clinton has twice suspended the right of US citizens to file legal suits under Helms-Burton against foreign investors in Cuba, US officials say they will continue to enforce Title IV of the law, which can bar offenders from entering the US.

Large investors in Cuba such as Sherritt and Spain's Sol Meliá hotel chain, have made clear they are staying put. Big nickel mining projects involving Australian and South African companies are reported to be going ahead.

Besides provoking a big trade row between the US and its allies, the Helms-Burton law has dashed hopes for a quick improvement in US-Cuban relations.

US officials say the law has increased international pressure on the Castro government to introduce political reforms. But the government has retreated into its ideological bunker, economic reforms have slowed and official resistance to political change seems to have hardened.

Pascal Fletcher

AMERICAN NEWS DIGEST

Venezuela sees strong growth

Venezuela's economy appears set for considerable growth after four years of stagnation, according to estimates by PDVSA, the state petroleum company.

The forecast, published in El Universal, the leading daily, said gross domestic product would grow by about 5.8 per cent in 1997 and by 7.8 per cent in 1998. These estimates exceed the government's GDP growth expectations of 4 per cent.

PDVSA expects the oil sector, fuelled by large investments, to be driving growth this year, when a series of capital intensive oil development projects get under way. By the following year the "petro-GDP" is expected to grow by only 3 per cent, while the non-petroleum sector is to grow by 8.5 per cent.

Independent analysts forecast growth of 4.5-5 per cent for 1997, but said petroleum-fuelled economic growth would not benefit consumers in the near future.

Consumer demand has plummeted in recent months as a result of last year's erosion of real income by 60 per cent. *Raymond Colitt, Caracas*

UPS details charter flights

United Parcel Service, the world's biggest package delivery company, yesterday named the five companies that are about to start chartering its cargo aircraft to fly holidaymakers to their destinations. They comprise two Miami-based cruise lines, Royal Caribbean Cruises and Celebrity Cruises, and three tour operators: Royal Travel Service of Meadow Lands, Florida, the Boston-based Trans National Travel Vacations, and the Atlanta-based Vacation Express.

UPS has converted five of its Boeing 727s into so-called "quick change" aircraft which can be adapted for passenger use at weekends, when they would otherwise be idle. Seats, galleys and overhead bins are loaded into the aircraft through their wide cargo doors and locked into place. UPS says that, after the change, the interiors will be much the same as those of conventional passenger aircraft, but the exteriors will still feature UPS's distinctive chocolate-brown livery.

From this weekend, the aircraft will start flying passengers from Chicago and Detroit to San Juan, Puerto Rico; from Pittsburgh to Orlando, Florida, and to Aruba in the Caribbean; and from Louisville and Cincinnati to Cancun, Mexico. From next month, another flight will operate from Tampa and Orlando to Cancun. UPS said tickets for the flights could be booked only through the tour operators. *Richard Tomkins, New York*

Lima ponders hostage talks

President Alberto Fujimori said yesterday that Peru's government would "evaluate" the renewal of stalled talks with leftwing rebels who have been holding 72 captives for 12 weeks at the Japanese ambassador's residence in Lima.

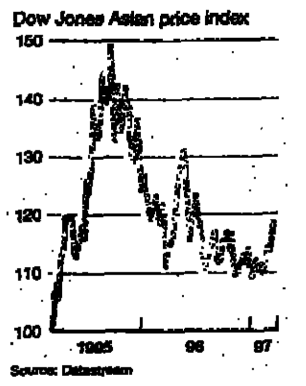
Mr Fujimori insisted in a radio interview that he would "exhaust" all non-violent methods to solve the hostage crisis, but could not say when direct negotiations with the Tupac Amaru Revolutionary Movement (MRTA) might resume.

"An evaluation will be made to see at what moment these conversations can be restarted" at an imminent meeting between Mr Domingo Palermo, the government's negotiator, and guarantors overseeing the talks, Mr Fujimori said. The president refused to comment on the existence of a tunnel under the residence. *Reuter, Lima*

NEWS: WORLD TRADE

EU chip decision puzzles industry

By Neil Buckley in Brussels, Louise Kehoe in Los Angeles and Paul Taylor in London



The European electronics industry yesterday remained puzzled over a European Commission decision to re-introduce minimum prices on imports of computer memory chips from Japanese and South Korean manufacturers.

South Korean and Japanese manufacturers have about 80 per cent of the $6bn EU market for dynamic random access memory chips, or D-Rams.

Since the Commission has accused Japanese and Korean manufacturers of selling below cost, some increase in prices is expected, although this will be gradual since the full impact of the minimum pricing will take effect over three months from April.

European semiconductor makers such as Siemens, which has invested substantially in D-Ram chip making capacity in recent years, immediately welcomed the move. But personal computer and telecoms equipment makers expressed concern about its implications.

Yesterday, however, it emerged in Brussels that the minimum prices imposed by the Commission will be based on current manufacturing costs plus a "single digit" profit margin.

The extent of the price increases will depend largely on how calculations of manufacturing costs are made, according to Ms Evelyn Cronin, a senior semiconductor industry analyst at Dataquest, the US market research group.

"Costs can be fudged," she suggested. Accurate cost data would require close analysis of every D-Ram product line.

Assuming the cost information is accurate, price increases will not be dramatic, Ms Cronin predicted.

Currently, 16M D-Rams are selling for about $8. "In some cases prices may rise to $9-$10, but overall the effect will be to stabilise prices in Europe," she predicted.

If this proves to be the case European D-Ram manufacturers are likely to argue that the move does not go far enough to protect a fragile market.

The EU imposed anti-dumping duties on Japanese exporters in January 1990 and later on South Korean exporters, but the measures were suspended in 1995 because D-Ram prices were rising.

Since then, however, memory chip prices have fallen sharply reflecting a worldwide glut. Then, when the maximum 21-month suspension of the measures expired on Monday, the Commission was forced to announce plans to re-impose anti-dumping duties.

Meanwhile US computer companies with manufacturing operations in Europe warned the Commission earlier this month that the imposition of minimum D-Ram prices could have a serious impact on Europe's information technology manufacturing sector.

Manufacturing of products such as personal computers in Europe would no longer be economically viable, they warned. D-Ram manufacturers were already seeking to renegotiate contracts at higher prices, they said.

Industry analysts said that the increase in D-Ram prices would inevitably be passed on to computer buyers, putting a damper on already sluggish European personal computer sales.

Brussels strives to call the tune on trade

Lionel Barber on Commission efforts to extend its negotiating rights on intellectual property

Speaking with one voice does not come easily to the European Union. In trade policy, where national governments share power with the European Commission in Brussels, the risk of cacophony is real.

That is why the Commission wants to extend its negotiating rights in intellectual property and services – such as telecommunications and software – which in total account for around 30 per cent of world trade.

Sir Leon Brittan, EU trade commissioner, says wider powers for the Commission and an end to the unanimity rule would speed up negotiations, simplify decision-making and increase the EU's trade policy influence in relation to the US and Japan. But the request has already drawn opposition from sovereignty-conscious Britain and France.

The Commission's push for more power is a key issue inside the intergovernmental conference (IGC) reviewing the Maastricht treaty. These rolling constitutional negotiations are supposed to be wrapped up at a summit in Amsterdam in June, ahead of the EU's planned enlargement to take in central and eastern Europe at around the turn of the century.

The Commission proposal would extend its writ under Article 113 of the Treaty of Rome. This is the clause which gives the EU, through the Commission acting as negotiator, sole authority to conclude multilateral trade pacts in goods, reporting regularly to the decision-taking Council of Ministers.

For the sake of consistency, the Commission is pressing for Article 113 to include services and intellectual property as areas covered by the World Trade Organisation as a result of the Gatt Uruguay Round agreement in spring 1994.

'If we don't have responsibility in this area, then all the gains we have made through majority voting would mean nothing'

The need for clarification became more urgent after the European Court of Justice in November 1994 rebuffed Sir Leon's arguments that the Uruguay Round deal was exclusively the EU's responsibility.

Having lost the legal battle, the Commission is trying to turn the tide in the IGC with practical arguments in favour of speedier, more efficient decision-taking. Here are the main points.

■ First, the time factor: before it can wrap up an international negotiation, the Commission must secure three decisions from the Council of Ministers, each involving unanimity. These include an agreement on the terms of the mandate, adoption of said mandate, and finally conclusion.

"The process usually takes 2½ years," complains a senior Brussels trade official.

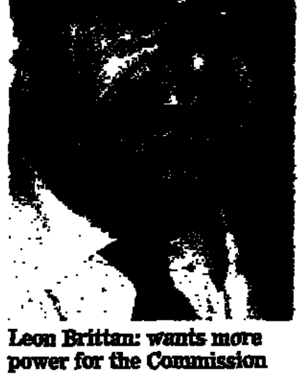
■ Second, slow-moving national legislatures take up to two to three years to ratify trade agreements. The result is that the Commission is often forced to conclude interim agreements to fill the gap, even though these often mean the EU makes one-way concessions to satisfy the other party seeking early ratification.

Examples of protracted ratification delays include the agreements liberalising trade with the central and eastern Europeans and a framework agreement with South Korea.

■ Third, the need for unanimity leads to the EU adopting lowest-common-denominator bargaining positions easily exploited by other countries. "The talks on foreign investment rules within the Organisation for Economic Co-operation and Development are a very good example," says the official. "It's a dream world for the Americans to team off with the British and Scandinavians."

■ Fourth, the unanimity rule encourages distortions in the single market, as happened in the recently concluded multilateral talks on telecoms liberalisation. Greece and Portugal successfully pushed for delays in the timetable for opening their markets. The result is an anomaly, whereby third countries can exploit the internal market while still not having access to one member state's telecoms market.

The Commission is making some headway with its demands to act as sole negotiator, thanks in part to its own contribution to wrapping up multilateral negotiations to liberalise financial services and, more recently, telecoms. But efforts to persuade member states to hand over sole authority to conclude the talks are stalled.


Leon Brittan: wants more power for the Commission

"This is very dangerous. If we don't have responsibility in this area, then all the gains we have made through introducing majority voting would mean nothing," says one trade official in Brussels.

The most contested argument in the IGC is the sole right to enforce a deal on services, which gives the Commission the right to take action against backsliders. Here most member states have put their foot down, arguing that this should remain the responsibility of national authorities.

The insistance of countries on retaining sovereignty in these areas underlines the shift in attitudes away from grand visions in the mid-1980s of a federal Europe in which the Commission could evolve into a supra-national executive. In this sense, Germany is proving as sceptical about handing more power to Brussels as Gaullist-minded France or the pesky British.

Yet Commission officials point out that member states have already ceded a great deal of sovereignty in the single market, where majority voting is the rule. The logical extension should be trade policy as the EU braces itself for enlargement eastwards.

"This is a matter of trust," says a senior Commission official. "If member states are unwilling to agree to a limited transfer of powers in a core area like trade policy, it does not bode well for the rest of the IGC. What will happen when the EU expands to 20 or 25 members?"

Global forces put rail groups on the line

By Charles Batchelor in Vienna

The liberalisation of national markets for railway equipment and a growing demand for "turnkey" projects are revolutionising international railway markets, Mr Wolfram Martinsen, president of Siemens Transportation Systems, said yesterday.

The growth of the DM47bn ($27.8bn) world market for rail orders is forcing the larger manufacturers, traditionally bitter rivals, into *ad hoc* "marriages of convenience" to spread their costs and their risks.

"Globalisation is more than a buzzword," said Mr Martinsen. "In practical terms it means that every new tender in the world attracts the top players in the rail supply industry."

Liberalisation and privatisation of national railway companies were making them much more commercial in their approach, he said. "Profits are under attack at every major rail supply company in the world."

Siemens Transportation made a profit of DM19m ($11.2m) on turnover of DM4.5bn in 1996 but expects two more difficult years and will not reach its target of a 5 per cent return on sales until 2000, he added.

Suppliers are being forced to assume new roles as customers no longer require them to meet detailed technical specifications, but rather expect them to find solutions to transport problems at a competitive price.

This is forcing manufacturers to meet tight performance specifications and to deliver equipment which works first time. "Customers no longer accept green bananas," Mr Martinsen said.

Siemens has spent DM100m on Europe's largest rail test centre with 22km of track at Wildenrath near the Dutch border.

Turnkey contracts involve the supplier taking responsibility for long-term maintenance and leasing and financing arrangements as well as designing and building the rolling stock and other equipment.

This trend is particularly apparent in the market for City Metro systems. Siemens has recently won a DM750m order to provide a metro for Puerto Rico and two turnkey contracts in Bangkok with a total value of DM2.5bn. Demand for turnkey contracts is strongest in Asia and the Americas but is now spreading to Europe, Mr Martinsen said.

The complexity of large contracts means that the date when sales can be booked to cover costs is more and more delayed, putting pressure on the manufacturers' finances. Siemens calculates that for every DM1bn of new orders it incurs DM60m of investment costs.

At the same time manufacturers are being forced to invest large sums in new technology to remain competitive. Siemens invests on average DM300m a year.

The growth in the scale of rail projects is forcing manufacturers into "new constellations" to share technology, experience, risk and access to capital, Mr Martinsen said.

Siemens plans to expand an existing collaboration with General Motors' Electro-Motive Division supplying AC electric locomotive technology into the US into a sales and marketing joint venture in other markets.

It is working with the Swedish-German group Adtranz to build two metro lines in Shanghai and with GEC-Alsthom on joint marketing of high-speed train technology outside Europe and North America. This joint venture, known as Eurotrain, is bidding for projects in Taiwan and in China.

Strike set to disrupt Japan's ports

By Michiyo Nakamoto in Tokyo

Japanese shipping companies today face a 24-hour strike by workers at about 50 ports throughout the country. The action is expected to bring much of the country's port activity to a halt.

Japanese port workers are staging the strike to protest at US and European Union demands that Japanese port practices be reformed. The strike will affect imports and exports of a wide range of products from electronics to vehicles and foods.

Japanese shipping companies said that they would deal with the disruption to port work by re-routing ships or keeping them idle at sea. Nippon Yusen said that about 10 container vessels scheduled to depart from Japanese ports today would be delayed; another shipping company, Kawasaki Kisen, will keep five vessels idle at sea for the day at an estimated cost of Y10m ($82,000).

The impact of the strike, however, is expected to be short-lived as long as it is restricted to one day. Tokyo's Tsukiji fish market relies on sea transport mainly for imported tuna, while other fish are either caught locally or delivered from overseas markets by air. Japanese carmakers and electronics makers said that a one-day strike would not have a significant impact on their activities as they do not rely on daily imports and exports of products.

The US has announced sanctions against three Japanese shipping lines that come into effect next month, while the EU has taken Japan to the World Trade Organisation over port practices which they say result in unnecessarily high costs and inefficiencies.

Earlier this year, Japan's eight big ports announced plans to change their wharfage system from May in an attempt to boost international competitiveness. The effect would be a decrease in fees for mooring up to 12 hours but an increase for a 24-hour stay.

Seoul challenged to disown imports attack

By Frances Williams in Geneva

The European Union and the US yesterday called on the South Korean government to disown "anti-import behaviour" fostered by the country's "frugality" campaign or face possible action in the World Trade Organisation.

At a meeting of the WTO's council on goods, EU officials said the campaign, launched after South Korean President Kim Young-sam last year called for an end to "luxurious consumption", was beginning to "hurt severely the interests of European exporters".

"A clear public statement from the Korean government disowning all anti-import aspects of the civic "frugality" campaign is now necessary to dispel doubts about Korea's commitment to respect in full its WTO obligations," the EU's Mr Ian Wilkinson said.

Mr Andrew Stoler, for the US, said Seoul should "issue an unequivocal public assurance that anti-import behaviour is inconsistent with Korea's international trade policy objectives".

Seoul maintains that it has no involvement in the campaign, which is being run independently by civic groups. Mr Joun Yung-sun, South Korea's WTO ambassador, said yesterday that the accusations by the EU and US were "unfair and unacceptable".

However, both trading partners argued yesterday that senior figures in government were continuing to whip up popular feeling against imports by blaming imported consumer goods for South Korea's $24bn current account deficit last year. EU officials said this was "utterly false". Foreign consumer goods account for only 12 per cent of imports.

The EU and US also said their exports to South Korea were frequently subject to administrative harassment by government agencies. The EU cited as examples slow customs clearance, extra inspections, restrictive interpretations of "vague Korean laws on labelling" and "apparently systematic tax inspections on owners of foreign cars".

"We are very doubtful about the compatibility of certain of these statements and actions with Korea's WTO obligations," the EU said yesterday. It was "actively studying" what further action might be appropriate. The US also warned that the arbitrary use of administrative measures to deter imports conflicted with WTO rules.

Seoul insists that the frugality campaign is targeted against all consumption of "luxury goods". In the luxury category, South Korea includes electronic products, home appliances, cosmetics, sports equipment, clothing and cars.

US orders probe into EU starch subsidy

By Nancy Dunne in Washington

Ms Charlene Barshefsky, US trade representative-designate, has ordered an inquiry into charges that subsidies granted under the European Union starch production programme are nullifying benefits the US expected to get in the Uruguay Round.

Starch production is the latest is a series of bilateral farm trade disputes, ranging from the EU import ban on beef treated with hormones to the EU concern over genetically engineered food products. It is likely to be referred to the World Trade Organisation disputes settlement body.

It has not helped that the EU has yet to implement a promise to establish tariff rate quotas for imports of US milled rice and malting barley and a system allowing importers to recover overpayment of import duties on brown rice.

These disputes are troublesome to the US administration, facing near-overwhelming odds in its campaign to win new authority to negotiate further trade liberalisation from Congress. US officials had hoped to build a bilateral consensus for further trade liberalisation with farm trade representatives.

When Mr Jeff Lang, deputy US trade representative, recently appeared before a House of Representatives Ways and Means subcommittee to testify on the outcome of the WTO meeting in Singapore, he was besieged by questions over farm trade and a barrage of complaints against the EU.

Many of these battles were supposed to be resolved by the setting up of a strong dispute settlement system in the WTO, but to some in the US, the process is moving too slowly. Others see a deadlock arising from lack of commitment by the EU to an open market for farm trade.

The EU starch programme is indicative, they say, of the larger problem. The Wheat Gluten Industry Council says US wheat sales to Europe have been reduced because an EU export tax has increased domestic supply and lowered prices. At the same time, refund subsidies have increased European gluten and starch production. Meanwhile, the EU share of the US wheat gluten market has soared in 1996 to 80m lb compared to 31m lb in 1993.

In another dispute, 12 congressmen have written to Ms Barshefsky asking her to apprise the EU of "growing impatience... over EU unwillingness to commit to broad-based lasting reform" in its canned fruit regime.

Despite a 1984 ruling under the General Agreement on Tariffs on Trade against the EU and a 1985 bilateral canned fruit agreement, EU funding under that regime has escalated.

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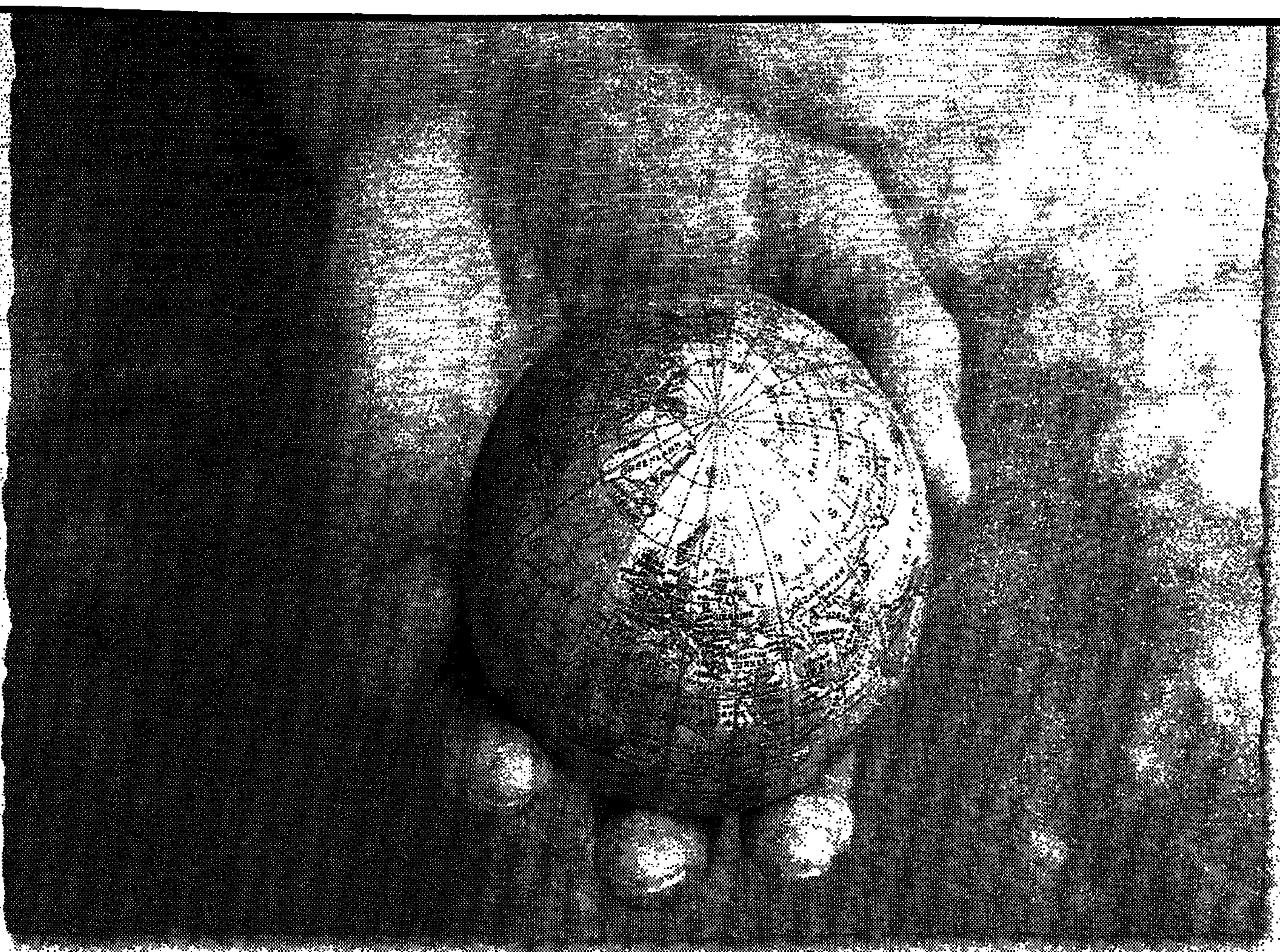

Eagle Eye · Louise Kehoe

Start talking cents

Digital's Millicent will enable Internet users to pay a fraction of a cent to access a piece of information

How much would you be willing to pay to read this column on the Internet? A dollar? A few cents? Perhaps only half a cent?

I have been pondering these questions since talking to Digital Equipment researchers about their patent-pending, Internet micro-payment system called Millicent.

Perhaps Millicent will unleash the long-anticipated global market for online information. However, it will also signal a devaluation of Internet "e-money". Less than two years ago I listened to some of the world's Internet gurus confidently predict the future of "e-money" and the demise of national currencies. Now millicents are what it has all comes down to.

Millicent is designed to enable Internet users to pay a fraction of a cent to access a piece of information – perhaps a newspaper column, or a cartoon, a few bars of music or, potentially, an hour's use of a Java application program or participation in a multiuser game.

Other payment schemes cannot handle such tiny payments because the cost of processing transactions is prohibitive. Millicent gets around this problem by establishing "distributed brokers" that sell scrip to end users and then pay the information providers.

Digital will begin an internal trial of Millicent among its 40,000 employees this month. If all goes well, a pilot system will go live on the Web in the summer. With just one or two "brokers" – probably banks – and a dozen or so information providers, the trial will be designed to test market reaction as well as enabling Web publishers to decide whether this really is a viable business proposition.

The Millicent "pay-per-view" approach is an interesting alternative to Web subscriptions, which have not been widely successful.

It sidesteps the security issues that have become a barrier to Internet commerce because few hackers are likely to try to steal millicents.

Not clear, however, is how Web advertising – the primary source of revenue for many Web publishers – will blend with Millicent.

Digital suggests that advertisers might give Internet users Millicent credits for reading their materials. Wade through enough pages promoting a new car and you might gather sufficient credits to read a magazine article.

I have my doubts about the latter proposition. I am also sceptical about Digital's claims that Millicent will create opportunities for self-publishers and special interest groups. It seems to me that the more publishers that register with a broker, the more cumbersome and expensive the task of distributing revenues will become. The system may be better geared to big media houses.

Perhaps the biggest challenge to Millicent's success, however, is the issue of putting tiny monetary values on materials published on the Web. A rough, back-of-the-envelope calculation would, for example, put the price of this column at slightly less than one cent, based simply on a fraction of the cover price of the newspaper.

I'd like to think it had greater value, and I suspect that others whose work is published on the Internet may feel the same.

Currently, Eagle Eye is available free of charge on the FT's Web site at www.FT.com.

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In what is shaping up to be an historic "man versus machine" dual, Garry Kasparov, world chess champion, will take on Deep Blue, International Business Machines' chess-playing SP2 parallel processing supercomputer on May 3-11 in New York.

Last year, Kasparov defeated the computer, but he had lost the opening game in the six-game championship.

Over the past 12 months, Deep Blue has learned a lot more tricks, thanks in large part to Joel Benjamin, a former US chess champion who is working with the IBM group. The chess computer has also become more flexible; programmers can make adjustments between games to correct weaknesses in the plays.

It is all great publicity for IBM. But the man versus machine premise is false. In reality, IBM is demonstrating the potential for building expert computer tools – computers programmed to follow rules that could become aides memoire for human experts, much as a calculator is a standard tool today.

Kasparov himself envisages a new era of advanced chess in which players use computer tools that store moves from hundreds of championship games.

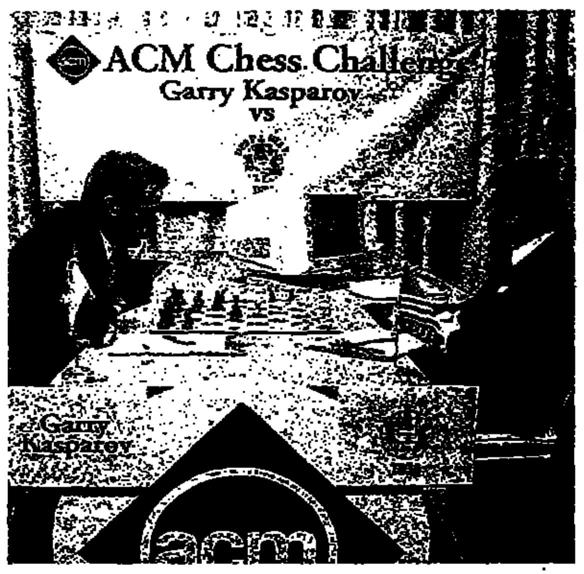
IBM's researchers look forward to developing computerised doctors' assistants and experts on the shapes of molecules that could be used to develop new drugs. C.J. Tan, the IBM scientist heading the project, even warmed to my idea of a computer trained to solve the problem of IT "information overload" – now that will be the day!

***

Talking of information overload – an issue close to my heart – one of the largest computer companies in Silicon Valley told me it issued 921 press releases last year. The good news? "We didn't send you all of them."

Conspiracy theorists might suggest that the information technology industry is deliberately creating a surplus of information to force us all to buy computer systems to deal with the problem.

Personally, I don't think they are crafty enough to come up with such a scheme, but there is no doubt that the IT industry has become a huge generator of information and those on the receiving end are desperate for solutions.

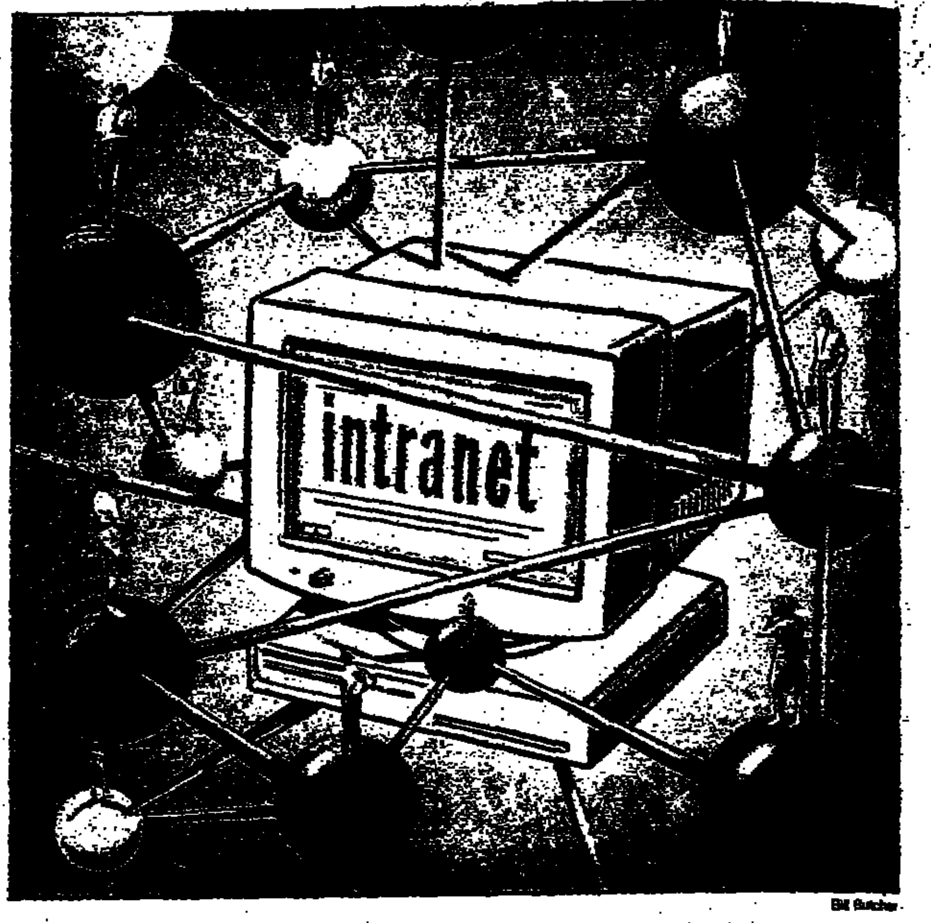


Man v machine: Deep Blue has learned a lot of new tricks

GlaxoWellcome's intranet · Nicholas Denton

To be taken internally

The drugs group has embraced the Net-based platform



Bill Butcher

In the fickle world of information technology, the public Internet is already outdated: for the past year intranets, corporate networks using Internet technologies, have been the focus of attention. Companies, drawn by estimates of returns on investment of up to 1,500 per cent, spent between \$4bn (£2.4bn) and \$6bn last year developing intranets, and the market is expected to expand four-fold by 2000.

But what do intranets actually do? The question, rarely even put, is difficult to answer because very few companies have working intranets. So embryonic are these networks that Netscape, which supplies software for intranets and helps to set them up, is still coy about showing off its model UK client.

One of the few companies that is already making use internally of the new technology is GlaxoWellcome, the UK's largest pharmaceuticals company. Its experience holds some important lessons. Intranets are simply performing basic tasks at which traditional computer systems have failed, which is quite an achievement.

Roger James, an IT director with GlaxoWellcome's research and development business, trying to describe the company's intranet, says: "It's like trying to write a day in the life of a penny. We think of the intranet as the telephone. It is just part of the fabric."

For instance, an employee within research and development now looks up a colleague's telephone number on the intranet as a matter of course. GlaxoWellcome, like most companies, used to rely on departmental secretaries to collect telephone numbers of staff working in the unit. These would then be collated, proof-read, and published in an internal telephone directory.

The pharmaceuticals company now maintains the directory in electronic form, accessible to anyone with a personal computer, an installed copy of a browser program, and a connection to the corporate intranet. As well as searching for the number of a colleague, individuals can also revise their own entry. "The phone numbers are now always right," says James.

The electronic directory, as well as being more efficient, does promise greater sophistication. By including a section in each entry describing an employee's area of expertise, it allows an executive to ask: give me anybody in the organisation that knows about lung cancer. In the longer term, GlaxoWellcome plans to link an individual's photograph and curriculum vitae to their entry.

Another humdrum office task being eased by GlaxoWellcome's intranet is the distribution of memoranda. These are now published, alongside news relevant to the company and other features, in an internal magazine called Networks which attracts 50,000 visits a day. Employees, who would formerly have had to rummage through their filing cabinet or bin, can now search electronically for an old memo.

Manuals explaining pensions policy, laboratory procedures or safety manuals, which staff used to complain were always out of date, are also now available in their most recent version over the network. And the intranet is encouraging communication between units as well as from management to employees. Of the 21 units in GlaxoWellcome's research and development department, 18 now maintain home pages which describe their work.

Now that many existing activities have migrated to the intranet, GlaxoWellcome is mulling over innovation. More than 5m words a week are published electronically through the National Library of Medicine. How do you monitor efficiently this torrent of information? Memoir, a planned addition to the intranet, would eliminate duplication of effort by giving a reader comments from others who had accessed the same article.

It is hard to say whether these individual improvements add up to a measurable increase in productivity. Paper consumption continues to rise and the human resources department, originator of many of the memos and manuals which are now distributed electronically, is twice the size of five years ago.

However, GlaxoWellcome's intranet advocates say the project has still been worthwhile. It has given employees access to more information. While staff in the advanced technology unit still read nearly 60 paper pages a day, they access another 140 from the Internet and corporate intranet. And the intranet eliminates many chores. "Personnel are now doing real stuff rather than issuing lots of paper," says James.

If the benefits are so obvious, why have earlier computer networks not delivered? It is because the information technology industry has been a Tower of Babel: communicating in languages which are unintelligible to all but native speakers.

A proprietary computer system may work adequately in the static environment for which it was planned. Over time, however, most companies have accumulated a hotch-potch of systems which most users find overwhelming. And a change such as the merger of Glaxo and Wellcome in 1995 exposes the rigidity of these standalone systems.

On their respective networks, each computer was identified by a different number. But the designation for a Glaxo computer attached to the network, while unique within Glaxo, was quite likely to clash with one for a Wellcome machine, complicating a fusion of the two systems.

The Internet has overcome these problems by providing a common language of communication between computers. While Glaxo and Wellcome's electronic mail software packages were incompatible, researchers could communicate in the early days after merger by sending messages over the Internet.

This common Internet language is made up not only of a communications protocol but also a style of displaying information. For example, on intranets, as on the Internet, clicking with a PC mouse on a "button" or an underlined section of text will typically take the reader to another page.

This consistency saves users learning a new visual metaphor. "As consumers, individuals can get familiar downloading Dilbert cartoons and use the same technology for mission-critical applications in the company," says James. "The web preserves the user's investment in the system."

In GlaxoWellcome's R&D department, employees' familiarity with the Internet is not only encouraging use of the intranet, it is what drove the creation of the internal network in the first place. A researcher investigating a molecule checks the Internet, which until the early 1990s was a network largely for scientists, for similiar work as a matter of course.

The ease of use of the Internet raised expectations. John Wodehouse, a colleague of James, says users asked: "If we can get this off the Internet, why can't we get information off the company network just as easily?" The development of the intranet was a revolution from below.

There is one hitch. The high priesthood, as critics describe the traditionalists of the IT department, has resisted this intranet uprising. The IT department, used to determining specifications from above, saw the spontaneous growth of the intranet as anarchy. About a year ago, one hostile IT executive would still not acknowledge to outsiders that GlaxoWellcome even had an intranet.

Andy Lyall, head of the advanced technology unit, which pioneered the intranet, is gloomy about the prospects for an accommodation. "They say science proceeds as fast as the old men die; maybe the same is true of the Internet," he says – a little harshly, he admits.

But, in the closest historical parallel, personal computers became mainstream products bought by IT departments within a few years.

The same may be happening again: Lyall says companies' IT departments are gradually embracing the intranet. "The people who claimed that it could not work now say that it was their idea," he says.

Information technology
● The FT's review of information technology appears on the first Wednesday of each month

Click for commerce and chat

Visit Paris in 3D via the Internet, says James Mackintosh

Passing the Eiffel Tower you briefly join in a conversation about Parisian politics, before checking the balance at your bank and teleporting to the Virgin Megastore to listen to the latest chart hit.

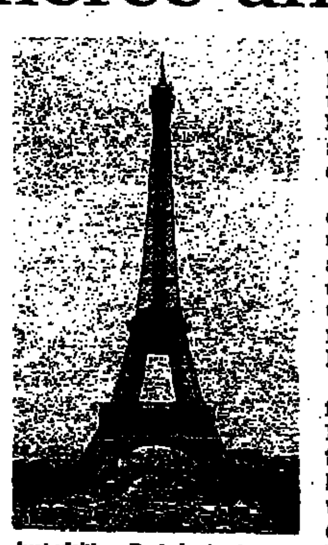
All this and more can now be done with a few mouse clicks at Deuxième Monde (Second World), developed by Canal Plus Interactive, a division of the French media group, together with games company Cryo and Cap Gemini Innovations, the research arm of Cap Gemini.

Second World is a PCbased system that links a three-dimensional digitised Paris with the Internet to provide an easy interface for electronic shopping and services and a social space for users to chat.

The system's finances are underpinned by shops such as Virgin Megastore and Le Printemps, the Paris department store, which each pay an average of FFr100,000 (£10,765) to produce identical copies of their stores in the city. Some stores include shop assistants, represented by customisable avatars, the same 3D digitised figures that represent the users.

The service launches in March and is expected to be very popular; the creators are hoping for 40,000 subscribers by the end of the year, although it will be free until September. Cap Gemini hopes it will start to break even by early 1998.

The interface is very like 3D computer games such as Doom, and despite the lack of cars the streets are recognisable as Paris. The high-resolution graphics are stored on CD-Rom to protect users from slow Internet connections – allowing the system to include features such as virtual weather.



Just visiting: Paris by keyboard

But apart from the graphics software – which allows users to customise the appearance of their avatar and the virtual apartment each receives – the system is essentially just a way of bringing together well-known Internet technologies.

Purchases from the shops are made by launching a Web browser such as Netscape Navigator and using its built-in transaction software, and online chat using the keyboard has been possible for years, both on the thousands of Internet Relay Chat (IRC) channels and in "Muds", multi-user dimensions.

Both of these, however, can be difficult to set up and use. "Second World is really a way to simplify access to the Internet," says Anne Callewaert, marketing manager of Cap Gemini Innovation.

The system is marketed for French users, and is in French, but it could be used from other countries via the Net. Similar projects are under development elsewhere, with Sony, British Telecommunications and the BBC testing an online 3D chat room called The Mirror, and Onlive Technologies offering a chat area using Internet telephony.

Second World is the only system driven by electronic commerce, not simply a "chat room". It also has the most ambitious graphics.

Discussions are under way with potential partners in Japan, the US and Britain about creating local versions, Callewaert says.

Leaked letters show ministers were warned about falling standards in abattoir hygiene

Slaughterhouse standards remain low

By George Parker, Political Correspondent

The UK government last night threatened to name dirty abattoirs which failed to meet basic hygiene requirements, after it emerged ministers were warned as recently as last month that standards remained dangerously low.

The opposition Labour party produced leaked letters showing that meat inspectors warned the government repeatedly in the last three months that abattoir standards were falling, and that some premises harboured the deadly e.coli organism.

Mr John Major, the prime minister, and Mr Douglas Hogg, the agriculture minister, insisted last week in the House of Commons that abattoir standards were rising and that lessons from the leaked "Swann report" into slaughterhouse hygiene had been learned.

Yesterday ministers attempted to regain their grip on the situation, and promised tough action would be taken against abattoirs which failed to meet hygiene standards.

Mr Major said he would personally investigate claims made by Mr Peter Comrie, general secretary of the Association of Meat Inspectors, that health standards in abattoirs had become "a ticking timebomb".

Mrs Angela Browning, food safety minister, said she was consulting on plans to publish an abattoir league table, by making public the hygiene scores awarded to individual premises.

The scores currently range from 27 to 98 out of 100, but Mrs Browning said she could not identify failing slaughterhouses because of "commercial confidentiality". She also promised to prosecute abattoir managers who threatened inspectors.

Mrs Browning also said that three staff had been dismissed and 41 disciplined by the Meat Hygiene Service – the government agency responsible for abattoir hygiene – in recent months.

The government's new tough line marks a significant shift from last week's stance, when Mr Major and Mr Hogg mounted a concerted effort to convince MPs that abattoirs had cleaned up their act.

The controversy was sparked by the Financial Times's revelation of Mr Bill Swann's highly critical report on meat hygiene in December 1995, which was subsequently watered down and then suppressed.

Mr Hogg told MPs that Mr Swann's recommendations had been implemented, and he insisted that "standards are constantly improving".

Beef sales could suffer fresh chaos if meat is exported as "BSE-free" under the government's export-certified herds scheme, Tesco, the UK's biggest food retailer, warned yesterday, Alison Maitland writes.

The government presented the scheme to the European Union last month with a request that beef from herds that have not suffered bovine spongiform encephalopathy (BSE) for at least six years should be exempted from the export ban.

But Mr Andrew Batty, Tesco's meat director, said there was a danger UK consumers would see "BSE-free" beef going for export and demand the same. This would force retailers to compete for meat from a very small number of "certified" herds and force prices up sharply.

He said meat from certified herds could not be guaranteed BSE-free because some farmers might attempt to preserve their "certified" status by moving cattle out of herds if they developed early signs of the disease.

"We need the export ban lifted, but let's not pretend we're doing it on a BSE-free basis," said Mr Batty.

Beef will qualify if it comes from an animal under 30 months old which has been clearly identifiable throughout its life. It must come from a herd that has been free of suspect or confirmed BSE cases for at least six years. The agriculture ministry said it had never aimed to market the herds as "BSE-free." It insisted there would be sufficient controls under the scheme to pick up any suspect cases of BSE in a certified herd.

But yesterday Labour produced a leaked letter from Mr Comrie dated January 19, which claimed that "far from improving, standards of hygiene are decreasing".

The letter to Mr Johnston McNeill, chief executive of the Meat Hygiene Service, said: "There is no need to tell you that this is a potential timebomb, and I would urge you to implement measures – as in the BSE crisis – in order to overcome this dangerous situation."

In another letter to Mrs Browning on February 11, he wrote: "Faecal contamination, which can lead to e.coli, needs to be far more rigorously controlled, without delay."

And in a final letter to Mr McNeill on March 5, Mr Comrie claimed some meat inspectors were "encouraged to ignore breaches of regulation and in some cases threatened" if they tried to take action.

Contracting rule reversed by EU court

By Alan Pike and Robert Rice

Companies providing public services under the government's contracting-out legislation could face huge bills for inherited employment liabilities following a U-turn in the European Court of Justice yesterday.

A judgment of the Luxembourg court decided that the 1977 European Acquired Rights Directive – translated into UK law in 1981 – does not automatically apply when a contracted-out service transfers from one provider to another. The decision has potentially far-reaching implications for both contracting companies and the UK government's programme of contracting-out public services.

The directive came into force in the UK under its Transfer of Undertakings (Protection of Employment) Regulations, known as Tupe. It was designed to protect the jobs and conditions of employees when the undertaking they work for changed hands. Tupe has a complex history of court decisions in its wake. But for the past three years public contracts have been let on the assumption that it applied to contracting-out. This means that, when contracts change hands, employees are transferred to the new employer on their existing terms and conditions. If Tupe ceased to apply, an employer losing a contract would become responsible for all the inherited employment liabilities.

The Business Services Association and Public Contractors Association, which represent contracting companies, both sought urgent meetings with the Department of Trade and Industry to clarify the position yesterday.

Three years ago the Luxembourg judges gave the directive the widest possible application when they ruled that it applied to the contracting-out of services performed by just one employee. But yesterday the court said European employment protection rules did not automatically apply when a contracted-out service changed from one contractor to another. If there was no transfer of assets when a contract changed hands or the new employer did not take on an essential part of the workforce, the directive did not apply, the court said.

Employment lawyers described the decision as "an amazing U-turn". Mr Fraser Younson of City solicitors Baker & McKenzie said the ruling would come as an "unwelcome bolt from the blue" for contractors. "Contractors already in contracts tendered their bids on the basis that Tupe applied and so they didn't factor in severance and redundancy costs. They could take a huge hit when contracts change hands," he said.

Any uncertainty over the court decision appears to allow public authorities some choice over whether to advertise contracts on a Tupe or non-Tupe basis.

The decision appears to take the law back to the position before the 1994 Schmidt case, when the court ruled that the directive applied to the contracting-out of cleaning services for a German bank performed by one employee.

The trade unions reacted cautiously to the ruling yesterday.

"The ruling only applies to a single German case and does not appear to change the rights of larger groups of workers," said Mr John Monks, the Trades Union Congress general secretary. "We are advising unions that any future cases should be judged on their merits."

Unions do not believe the judgment will undermine the directive but fear it could encourage "unscrupulous, small, non-union employers" to deny contract workers their legal rights.

Ex-Barings manager given three-year ban

By John Gapper, Banking Editor

The Securities and Futures Authority, the UK investment banking regulator, yesterday issued one of its strongest public rebukes to Mr Ian Hopkins, a former manager of Barings, the merchant bank that collapsed two years ago.

The SFA banned Mr Hopkins, former head of treasury and risk at Barings, from being the director of a City of London firm for three years. It also hit back at public criticism by Mr Hopkins of its actions over the past year.

Mr Nicholas Durlacher, SFA chairman, said Mr Hopkins was wrong to have claimed to be a "whistle-blower" who tried to warn other managers of weaknesses in the bank's controls. A tribunal had found Mr Hopkins' "actions fell far short of the standards expected of a prudent man in such a senior position".

Mr Durlacher's personal statement accompanying the ruling is unusual for the SFA. It follows Mr Hopkins' accusation this week that Mr Durlacher improperly handled the case.

Controversy over the SFA's handling of the Barings collapse was stimulated last year by its decision not to take action against Mr Peter Baring and Mr Andrew Tuckey, Barings' former chairman and deputy chairman.

Mr Hopkins, who has conducted a campaign to be recognised as having taken measures to control Mr Nick Leeson, the derivatives trader whose actions cost Barings £830m ($1.4bn), was formally declared "not fit and proper" by the tribunal.

Seven other former Barings managers have been disciplined by the SFA over the collapse. Sanctions ranged from a simple reprimand in two cases to three-year bans in others.

Mr Hopkins said yesterday he "totally rejected" the findings. He regretted "the gratuitously vindictive terms in which they are expressed" and believed he had "cleared my name in the public domain".

Mr Hopkins, singled out for praise in an inquiry into the Barings collapse by inspectors in Singapore, said that the SFA's decision defied "much documented and circumstantial evidence to the contrary".

Bias in N Ireland to be independently probed

By John Murray Brown in Dublin

The UK government has announced an independent review into allegations of religious discrimination in the private office of Baroness Denton, the Northern Ireland economy minister.

The review, to be conducted by Mr Maurice Hayes, a Roman Catholic former Northern Ireland ombudsman, follows mounting criticism by nationalist politicians of the minister's role in the redeployment of a Catholic member of her staff.

The staff member subsequently took an action to the fair employment tribunal alleging religious harassment against the minister's private secretary.

While conceding the need for a review, Sir Patrick Mayhew, the Northern Ireland secretary, strongly defended Lady Denton, insisting that she had no role in "the transfer or appointment" of officials in her department which was a matter for the civil service.

He also ordered an inquiry into the leaking to the press of confidential staff documents at the Northern Ireland Office, which fuelled the controversy.

As economy minister, Lady Denton is nominally in charge of fair employment policy, which is aimed at preventing religious-based job discrimination.

In this incident, she is accused of ignoring the guidelines governing application of the law where the perpetrator rather than the victim of the incident should be redeployed.

The woman, who has not been named, was awarded £10,000 and received an apology from the department.

Mr Seamus Mallon, the Social Democratic and Labour party MP, accused her of "disdain, bordering on contempt" for the fair employment law, although he did not suggest she should resign.

With business and trade union leaders expressing concern over the incident, Ms Marjorie Mowlam, who speaks for the opposition Labour party on Northern Ireland, has called for the government "to get to the bottom of the facts".

The government yesterday denied reports that Lady Denton had cancelled a planned trip to the US in the wake of the continuing row.

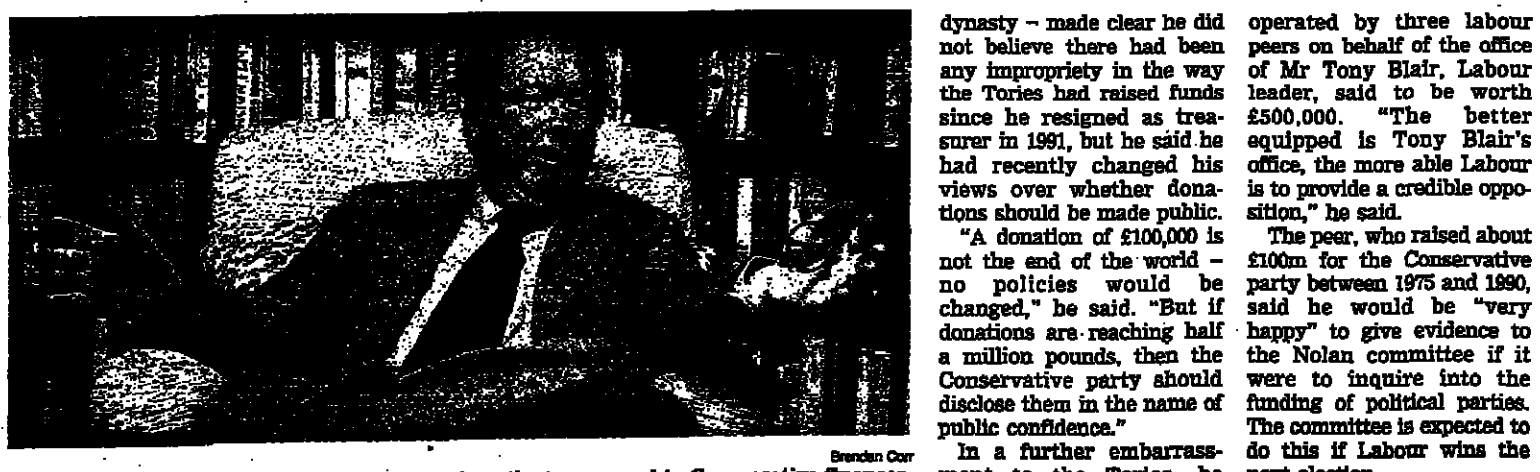
Conservatives challenged over source of funds

By Liam Halligan and James Blitz

Lord McAlpine, the former treasurer of the UK's ruling Conservative party, yesterday said Mr John Major, the prime minister, should explain how the party had improved its finances by about £60m ($97.8m) over the past five years.

Lord McAlpine said he was at a loss to understand how the party had rebuilt its finances after a particularly lean period – and claimed the party was under growing pressure to explain where donations were coming from.

Amid recent indications that the party had swiftly overcome its £19m deficit following the last election, Lord McAlpine said Tory officials should openly declare the source of large donations to quash media speculation about the source of funds.



Brendan Corr

Lord McAlpine: former Tory fundraiser questions the turnaround in Conservative finances

In an interview with the Financial Times, the 55-year old peer, who defected to Sir James Goldsmith's Referendum party last year, said that recent press reports suggested the Conservatives now had as much as £40m to fight the election.

He added that this had come in spite of a large drop in the number of corporate donations to the Tories in recent years.

"It's unbelievable," he said. "If the party has got forty-odd million quid in the kitty and the people generally believed to be giving it have stopped doing so, then where has it come from?"

He continued: "We could be talking about a £60m turnround, and somebody has to explain that."

Lord McAlpine – who hails from the construction dynasty – made clear he did not believe there had been any impropriety in the way the Tories had raised funds since he resigned as treasurer in 1991, but he said he had recently changed his views over whether donations should be made public.

"A donation of £100,000 is not the end of the world – no policies would be changed," he said. "But if donations are reaching half a million pounds, then the Conservative party should disclose them in the name of public confidence."

In a further embarrassment to the Tories, he endorsed Labour's policy of declaring all donations made to party funds above £5,000. "I think that the Labour party has gone down the correct route with voluntary disclosure above a certain level," he said.

He dismissed the controversy over the 'blind' trust operated by three labour peers on behalf of the office of Mr Tony Blair, Labour leader, said to be worth £500,000. "The better equipped is Tony Blair's office, the more able Labour is to provide a credible opposition," he said.

The peer, who raised about £100m for the Conservative party between 1975 and 1990, said he would be "very happy" to give evidence to the Nolan committee if it were to inquire into the funding of political parties. The committee is expected to do this if Labour wins the next election.

However, he made clear he did not believe parties should be statutorily required to make declarations about donations.

The only reason for doing so, he said, was to "dispel rumours" about where the cash had come from and to "restore public confidence".

UK NEWS DIGEST

Minister in EU response

Mr Ian Lang, the trade and industry secretary, has sought to reassure British business about the UK's policy towards the European Union. He was responding to a warning from 23 business leaders, in a letter to the Financial Times yesterday, that Britain's place in the EU was being undermined by "extreme Euroscepticism".

The industrialists' message was reinforced by an opinion poll which claimed 53 per cent of Britons would be willing to trade economic sovereignty for higher living standards. The Opinion Research Business survey, for the European Commission's London office, said 60 per cent of voters believed the UK should leave open the decision on joining a single currency, with 14 per cent wanting it immediately and 20 per cent ruling it out. On the social chapter, 38 per cent were for adopting it and 41 per cent against. In his own letter to the FT, published today, Mr Lang says: "There can be no question of diluting our commitment to the single market, which is the real heart of Europe." *John Kampfner and Stefan Wagstyl*

Letters, Page 12; Observer, Page 13

■ RETAIL TECHNOLOGY

Shell unveils smart-card move

Shell yesterday unveiled a development in the use of microchip smart cards which could revolutionise shopping in UK retail centres.

The company announced that a consortium of retailers is joining the oil company's loyalty scheme. The Smart scheme, to be launched in Scotland on Friday and rolled out throughout the rest of Britain in the autumn, will be the most comprehensive joint loyalty programme in the UK. It links retailers Dixons, Currys, Victoria Wine, Vision Express, John Menzies and The Link with Commercial Union, the RAC, Hilton Hotels and Shell.

Both J Sainsbury, the supermarket group, and Lloyds Bank are in talks with Shell about participating in the scheme.

Other potential members include Next, the clothing retailer, drinks manufacturer Allied Domecq.
Ford, the vehicled group, and Cellnet, the mobile phone network.

Smart cards, using microchips with the capacity to store and process as much information as a small personal computer, were pioneered by banks in France and Germany. *Peggy Hollinger and Paul Taylor*

■ CLIMATE CHANGE

Hot weather costs industry dear

British industry and agriculture lost hundreds of millions of pounds worth of business thanks to unusually warm weather in 1995, according to a Department of the Environment report released yesterday.

As the department announced it was carrying out a study to assess the vulnerability of the UK economy to climate change, Mr John Gummer, the environment secretary, warned companies that they would have to adapt to take account of year-on-year increases in temperature.

"It is clear that the summers are getting warmer and that the 'unusual' summer of 1995 may become a much more common event," he said. "At the present level of warming adaptation is possible."

Domestic energy use fell by £355m, while the insurance industry lost £326m over the year, much of it due to claims for subsidence. Agriculture lost £180m as milk yields and potato crops fell and livestock mated less.

Ms Jean Palutikof, one of the authors of the report, said British tourist facilities tended to be geared to providing things to do when the weather was poor. "The tourism industry does need to take steps to link into the obvious desire of people to stay outdoors," she said. *Michael Peel*

■ HEALTH SERVICES

US firm scoops $81m contract

A £50m ($81.5m) contract has been awarded by Chelsea and Westminster Healthcare NHS Trust to Tarmac ServiceMaster to run all of its non-clinical services.

The contract, one of of the largest of its type, runs for seven years. It covers the supply of catering, waste disposal, linen and laundry, estate and car parking management and domestic services.

Tarmac ServiceMaster, a joint venture between Tarmac, the UK construction and building materials group, and ServiceMaster, the US facilities management group, was established two years ago. It also has won contracts to supply non-core services to Derbyshire Royal Infirmary, Thanet Healthcare, British Gas, the Royal Parks and Syntegra, part of BT group. *Andrew Taylor*

■ DEFENCE

Ministry wins $8m for damage

The Ministry of Defence has secured only £5m ($8m) in compensation from a company which caused £20m in damage to Royal Air Force Tornados it was supposed to be repairing.

As the MoD is negotiating private finance initiative contracts worth several billion pounds with companies, the low settlement raises fears that MoD contracts may not be tight enough to protect the department when contractors make mistakes.

Sixteen Tornado F3 fighters had to have their centre fuselages replaced after Airwork, the aerospace company, modified the jets at the RAF's maintenance base at St Athan in Wales in 1992. An RAF technician discovered the poor work by chance, and the jets had to be sent back to British Aerospace, their manufacturer, for repairs which cost £20m. *Bernard Gray*

Edward Mortimer

Means to an end

Sanctions against Iraq should be part of an international strategy to topple Saddam Hussein's brutal regime

In the next few weeks Iraq's population should begin to benefit from last year's oil-for-food deal, as necessities bought with the proceeds of Iraqi oil sales are distributed under the eye of UN monitors.

The sanctions against Iraq remain in place: the country is only allowed to sell $2bn worth of oil over six months, and the proceeds have to be divided between compensation for war damage in Kuwait, UN costs, and humanitarian supplies purchased and distributed under UN supervision.

Indeed one could say that sanctions are thus sharpened, in the sense of being targeted more precisely against the regime and less against innocent Iraqis who cannot be held responsible for Saddam Hussein's crimes. Wherever sanctions are used, they should be made as sharp as possible in that sense.

Sanctions can work. Many leading Afrikaners in South Africa admit they were an important factor in their decision to abandon apartheid and negotiate with the African National Congress.

As a result, there is now a tendency to emphasise the exceptional features of that conflict and to warn against taking it as a model. The Afrikaner elite, it is suggested, was half decent, or anyway "rational". It was also up against a strong resistance ready to accept the pain of sanctions even when (as in the case of coal-miners) it cost them their jobs, because apartheid was seen as the greater evil.

By contrast, it is argued, sanctions cannot work against a ruthless or "irrational" leader such as Saddam, indifferent to the fate of his fellow-citizens, able to crush any visible resistance movement in the country, and with everything to lose if he shows the slightest sign of weakness. In such a case they only increase the misery of the population.

I am not convinced. Most of the same arguments were used against sanctions on South Africa in their time. The white elite, it was said, was only marginally inconvenienced by sanctions, the worst effects of which fell on poor blacks. The Afrikaners supposedly had a *laager* mentality which would be reinforced by isolation. Whatever harm they suffered from sanctions would be far less than the harm they anticipated if the black majority were allowed to take power. Right up to 1990, white rule looked set to continue for many years to come.

Obviously, Iraq is not South Africa. Saddam and his cronies are not interested in rugby. Oppressors and oppressed have the same skin colour and in most of the country the oppressed are not free to organise or express their views. Nor can one imagine Saddam sitting down to negotiate a power-sharing deal, in which he would remain as vice-president or leader of the opposition while one of his former victims became president. He is no F.W. de Klerk, and he long ago executed the man who might have been an Iraqi Mandela, Ayatollah Muhammad Baqr Sadr.

But Saddam is not impervious to sanctions. If he were, he would not have accepted the oil-for-food deal. Where they are free to express themselves, most Iraqi opposition groups favour maintaining sanctions – as the ANC did, and for the same reason: they believe sanctions are a lesser evil than the regime, and a price worth paying to hasten its end.

The real problem is that in the Iraqi case sanctions are not part of a strategy for doing that. Indeed, ending the regime has never been stated explicitly as their purpose, though it is pretty clear the US and UK will not allow them to be lifted while Saddam remains in power.

The only way he is likely to be removed is by force. Most people imagine this happening by a simple palace coup, but Saddam takes great trouble to prevent that. It will happen only when the regime is already crumbling and things have reached a point where those around Saddam are more afraid of being caught up in his downfall than of what he might do to them.

It would help if the international community stated explicitly that sanctions are aimed at bringing about a change of regime in Iraq, and will be removed only when a new government reflecting a broad consensus of Iraqi political forces is installed.

The obstacles to such a statement are political, not legal. Many UN members are unwilling to call Saddam to account for brutality against his own people, however extreme. They fear the precedent would one day rebound against them.

But Saddam is not only brutal to his own people. The reason there are sanctions against him is that in 1990 he forcibly annexed a neigbouring state. Moreover that was not his first aggression. The UN has formally determined that he also committed aggression against Iran in 1980, starting an eight-year war in the course of which he further broke international law by using chemical weapons.

An international tribunal should be established to draw up indictments against Saddam and other leading Iraqi war criminals, similar to those already dealing with war crimes in the former Yugoslavia and Rwanda. In order to avoid solidifying the regime around Saddam, it should be empowered to negotiate plea bargains, making it possible for accomplices to avoid prosecution by giving timely evidence against the chief culprits or, better still, by apprehending them and turning them in.

If that were done, the purpose of sanctions against Iraq – to bring about a change of regime – could be made explicit. The Iraqi people would then have a clearer idea why sacrifices are being demanded of them, and the rest of the world a clear reason for keeping sanctions in place.

Saddam Hussein: not impervious to sanctions

LETTERS TO THE EDITOR

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Single market should be the heart of UK's commitment to Europe

From Mr Ian Lang MP.

Sir, Sir Colin Marshall and his fellow business leaders are entirely right (Letters, March 11). We should be proud of Britain's admirable record in Europe. The single market was very much a British initiative. It is now creating opportunities for British companies all over Europe – the volume of exports from Britain to other member states rose 32 per cent between 1990 and 1995.

There can be no question of diluting our commitment to the single market, which is the real heart of Europe.

By the same token, British interests will be best served in the coming years by a robust defence of our flexible labour markets, and a refusal to accept the burdens of the social chapter. On this we part company with our political opponents, who have no compunction about embracing new European burdens on business.

Ian Lang,
secretary of state for trade and industry,
House of Commons,
London SW1A 0AA, UK

From Mr Bill Cash MP and Mr Iain Duncan-Smith MP.

Sir, Sir Colin Marshall and others who purport to represent the business community with their comments on Europe are being less than honest.

First of all their attempt to misrepresent the Euro-realist arguments as being about whether we are to be in or out of the single market are simplistic and not what the debate has been about. Furthermore, their implied claim to represent the business community is bogus. After all, it is small and medium-sized businesses, such as the members of the Institute of Directors, which are responsible for much of the job creation in the UK, not multinationals. Are these signatories of the letter now prepared to admit that they were wrong on the exchange rate mechanism, which ruined so many businesses and against which we fought?

If they want to debate the facts then we are ready to do so any time. The truth is they are bringing nothing new to the debate other than empty rhetoric and bogus fears.

Bill Cash,
Iain Duncan-Smith,
House of Commons,
London SW1A 0AA, UK

From Mr Peter Scott.

Sir, As one who is struggling to identify the potential advantages and disadvantages of closer political and economic union with Europe, I was disappointed by the generalities and unsupported assertions in a letter yesterday from Sir Colin Marshall and his distinguished associates.

A number of economic benefits are cited, for example visible trade and investment flows. But how can we know that these would not have flowed anyway because of our physical proximity to Europe and our membership of the General Agreement on Tariffs and Trade. Also, is it not true that much of the improvement in our economy, which is admired by our European friends, occurred after we left the exchange rate mechanism?

If Sir Colin and his associates are so sure of the enormous benefits which we have already gained and those they believe we could gain in the future from our participation in the European Union, I think the British public deserves more reasoned and substantiated evidence from them.

Peter Scott,
Hemmington Scott Publishing,
City Innovation Centre,
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Few barriers in return to Hong Kong

From P. Y. Cheng.

Sir, I refer to Mr. Bolin's queries (Letters, February 27). UK citizens are normally permitted to land and remain in Hong Kong for 12 months without conditions. There are however certain circumstances where a short period of stay may be considered appropriate, the date of expiry of the passport being one.

The current policy also provides that UK citizens in Hong Kong who wish to continue their residence may apply for an extension of stay within the four weeks before the expiry of their limit of stay. Approvals are normally accorded in a two/two/three-year pattern, ie two two-year extensions then a third of three years. UK citizens on extensions of stay in Hong Kong as residents who return from short trips outside Hong Kong are given the same limit of stay if their previous one has not expired.

In the absence of Mrs Bolin's personal particulars, we are unable to determine the circumstances under which she was given a limit of stay until May 29 1997 on her return from a recent visit to Macau. We have written to Mr Bolin for more information so that follow up actions may be taken.

P. Y. Cheng,
Immigration Department,
7 Gloucester Road,
Wan Chai, Hong Kong

Systems shed extra light on Japan's record

From Mr Frank Kaye.

Sir, Peter Martin, in his article "Weak link in the chain" (March 6), makes an excellent case for filtering out the Japanese threat on the basis of the distribution characteristics of any particular industry.

There is an additional dimension on which Japanese industrial success and failure can be predicted – its amenability to the manufacturing business system characterised by concepts such as *Kanban*, Just-In-Time, Zero defect, Total Quality, etc.

In studies, in which we were involved in the early 1980s, we were able to characterise manufacturing into four generic types: project (such as aircraft), fashion (such as clothes), commodity (such as oil refining) and modular.

It is the last category in which the Japanese excelled. They were able to manufacture cars and electronics with an unbeatable combination of variety of product features, low cost, high reliability and short delivery lead times.

Subsequently, non-Japanese companies have copied their approach and as a result the worldwide standards of manufacturing in these "modular" industries have improved dramatically.

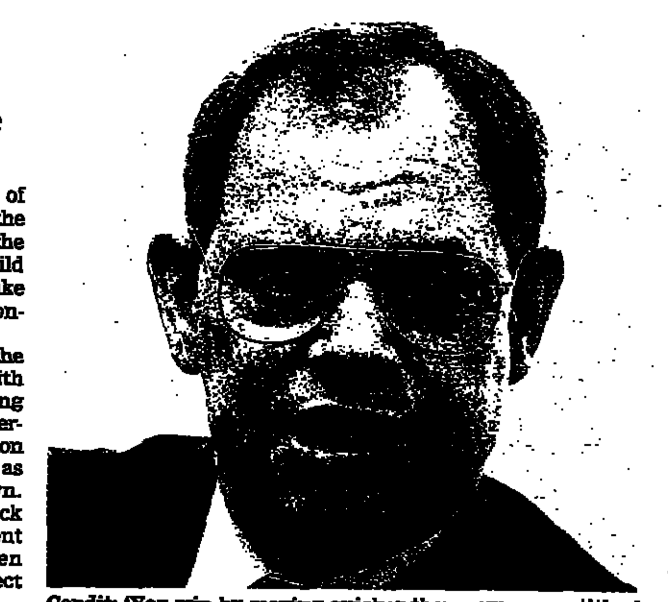
On the other hand, these concepts have been less dramatic in their application to other types of industry. Other factors determine the source of competitive threat – low unit costs in commodities, close customer relationships in fashion and strategic contract negotiation in project.

Frank Kaye,
partner,
Organisation Consulting Partnership,
27 Cursitor Street,
London EC4A 1LT, UK

The FT Interview · Philip Condit

Flight plan from Seattle

Boeing's head tells Michael Skapinker of his plans to turn the company global



Condit: 'You win by moving quicker than your competition'

Philip Condit, chairman of Boeing, tells a story from the 1960s when he worked on the ill-fated US attempt to build a supersonic aircraft to take on the Anglo-French Concorde.

One of the problems the engineers had to deal with concerned debris getting into the engines. The supersonic team wrote a report on "foreign object damage", as the problem was known. When the report came back from the Boeing document editors, this had been changed to "non-US object damage".

Three decades on, Mr Condit says, not much has changed. The problem, he says, is not just that employees at Boeing think of other countries as exotic. They take the same attitude to anywhere in the US outside Seattle, where the company has its headquarters and its most important factories.

Boeing staff talk about something as being "in-plant" or "out-plant". In-plant means Seattle. Out-plant means one of the group's other locations, such as Wichita, Kansas.

Mr Condit, who became Boeing's chief executive last year and chairman in February, wants to change all that. Over the next 20 years, he wants Boeing to become a global rather than a US company.

Boeing employees could be forgiven for thinking that being a Seattle company has served them well enough. Boeing is the world's most successful aircraft maker. Founded in 1916, it has seen many of its US and European competitors fade from civil aircraft manufacturing or disappear into larger groups.

Lockheed no longer has a presence in civil aviation. The British Aircraft Corporation and Aviation Sud of France are now part of Airbus Industrie, the European consortium which is Boeing's closest competitor.

Later this year, Boeing will take over McDonnell Douglas. While its acquisition is a large defence contractor, its commercial aircraft business, once a world force, now struggles to win 3 per cent of the world market. Boeing's takeover will not only signal the end of McDonnell Douglas as an independent maker of civil aircraft. It will also turn Boeing into the biggest defence and aerospace company on earth.

Mr Condit believes, however, that Boeing cannot stand still. There are too many examples in aviation and other sectors of what has happened to companies that have tried to do that.

Last year, in a speech to Boeing managers, he described his vision of what the group would look like in 2016, its centenary year. He told them that Boeing would be an aerospace company. It would not repeat earlier mistakes such as attempting to enter the train or boat-building business.

Second, he said, Boeing would be a "global enterprise". This would mean increasing the number of countries in which it operates.

Mr Condit says he is impressed with the way oil companies have benefited from losing their national images.

"BP is probably the most global company in the world. It's interesting to see that in the United States its nationality has begun to disappear. Almost everybody in the United States says BP and not British Petroleum. It's a local kind of company."

Royal Dutch/Shell is another group which manages to present itself as a local company in the countries in which it operates.

Would he be happy if in 20 years people did not think of Boeing as a US company? "Yes," Mr Condit says. "I believe we are moving towards an era of global markets and global companies. I think it's advantageous that your workforce, your executive corps, reflect that. I would expect the nationalities of our executives to be considerably broader."

Changing the national composition of Boeing's leadership will not be easy. The group at present has no non-American directors. There is another obstacle.

"Because we are a US defence contractor, our board members have to have security clearance. As we move in an international direction, we will have to find ways – the US government will have to find ways – of dealing with that."

Taking over McDonnell Douglas, which is based in St Louis, Missouri, will at least mean that Boeing's US geographical base will widen beyond Seattle.

"In the old Boeing, you could walk out the door and touch 90 per cent of your executives," says Mr Condit. "They were within a fairly short radius. I personally knew 95 per cent them. All of a sudden, 60 per cent of our executives are going to be non-Seattle."

The group will also need to change its attitude to those on assignments away from Seattle. "Experience away from Seattle did not help your career. If you disappeared for a while, people would say, 'Where have you been?' Now I think we can make it a valuable thing."

One of the ways that Boeing plans to increase its international exposure is through increased use of joint ventures. Boeing has worked with Japanese companies for years. McDonnell Douglas has links with companies such as British Aerospace through projects like the Harrier jump-jet.

Mr Condit sees scope for joint venture projects in China, although the Chinese have chosen European partners instead of Boeing to develop a new 100-seat jet.

One concern he says he does not have is that joint venture partners might steal Boeing's technology. "I'm a believer that technology transfers very readily."

During the second world war, Britain and Germany developed the jet engine simultaneously even though there was no communication between them. When communication occurs easily, technology transfer will be simple.

"I think trying to say 'I've got a technological edge and I'm going to hold on to it' is impossible. The thing that does give you an advantage is human capital and how you run the business. Yes, you can teach somebody to build parts of a very high quality. That's not the issue.

"People in the United States got very excited that RCA developed the transistor but the commercialisation really occurred in Japan. But if we're not smart enough to commercialise it, that's not their problem. That's our problem. You win by moving quicker than your competition, not by trying to build walls."

ARTS

Television/**Christopher Dunkley**

Please do not adjust your set . . .

What a weekend for producer Greg Brenman: on Saturday BBC1 devoted an hour and a half to his costume drama *Deacon Brodie*, and on Sunday ITV cleared the schedule between 8.00 and 10.10 pm for his production of *Jane Eyre*. Viewers in most countries would think themselves lucky to be offered one drama of this quality in a month, never mind two in a weekend from a single producer. *Deacon Brodie* used comedian Billy Connolly to play the 18th-century Edinburgh carpenter William Brodie. Connolly gave us a character close to pantomime, a loveable rogue who ran with the hare and hunted with the hounds, sitting on the town council by day but whoring and thieving by night.

Yet however good it looked, however funny some of the scenes, and however strong the cast (Patrick Malahide, Siobhan Redmond, Russell Hunter and more) Simon Donald's script tripped in attempting one of the most difficult tricks in drama: to play the characters for laughs against a background at least partly tragic. The only series I know where this has succeeded is *M*A*S*H*, in which the tragedy is thrust upon the characters by fate, not through their own actions. Here there was no such factor, so there was a terrible crashing of gears when, for instance, one of the men being led to his execution cried out for clean clothes because he had soiled himself out of terror. Funny, or what?

It is hard to understand the purpose of such graphic realism when, despite the headline claim in the BBC's publicity material that this was "the *true* story of one of Scotland's most notorious characters", the decision had been taken to invent a happy ending by allowing Brodie to escape death and flee with his beloved to France. According to the *Dictionary Of National Biography* ("Brodie, William, burglar; cabinet maker . . . hanged, one of his confederates turning king's evidence") no such fairy-tale ending occurred. If you are willing to disregard such a fundamental fact of life, why insist upon rubbing our noses in others so much less significant?

In *Jane Eyre* top honours went to Ciaran Hinds who managed almost entirely convincingly to combine all those paradoxical characteristics which tend to be called for in heroes of early-19th century fiction: a bully yet a gent, a man of integrity yet a bigamist and a liar, and so on. Cramming the yarn into two hours left too little time to create the mood or the melodrama which this, the second most powerful of the Brontë stories, ought to convey. Yet to say that is, in terms of popular filmmaking, to be hypercritical. It is only because British television has now taken, once again, to giving us this sort of costume drama in some quantity that we have a broad basis for comparison and can say that, although good, this was not the very best.

★

Mark Thompson, the new controller of BBC2, has been quoted this week as saying that he wants "younger anchor points" for the network "for under 25s". Does nobody in television realise that the average age of viewers is going up, not down? That there are fewer and fewer young viewers and more and more over 50? Thompson is 39. Perhaps he thinks all those over 50 are in their dotage. He should realise that those of us born in the 1940s – Melvyn Bragg, Felicity Kendal, the Bee Gees, Joanna Lumley – are not only not stumbling about on Zimmer frames, but are actually much younger mentally than all those boring people born between 1960 and 1980. The rap generation are already supplied with more than enough special programmes (have you *seen* the pitiful *Girlie Show?*) and what is needed is more fun-loving stuff for the over-50s.

★

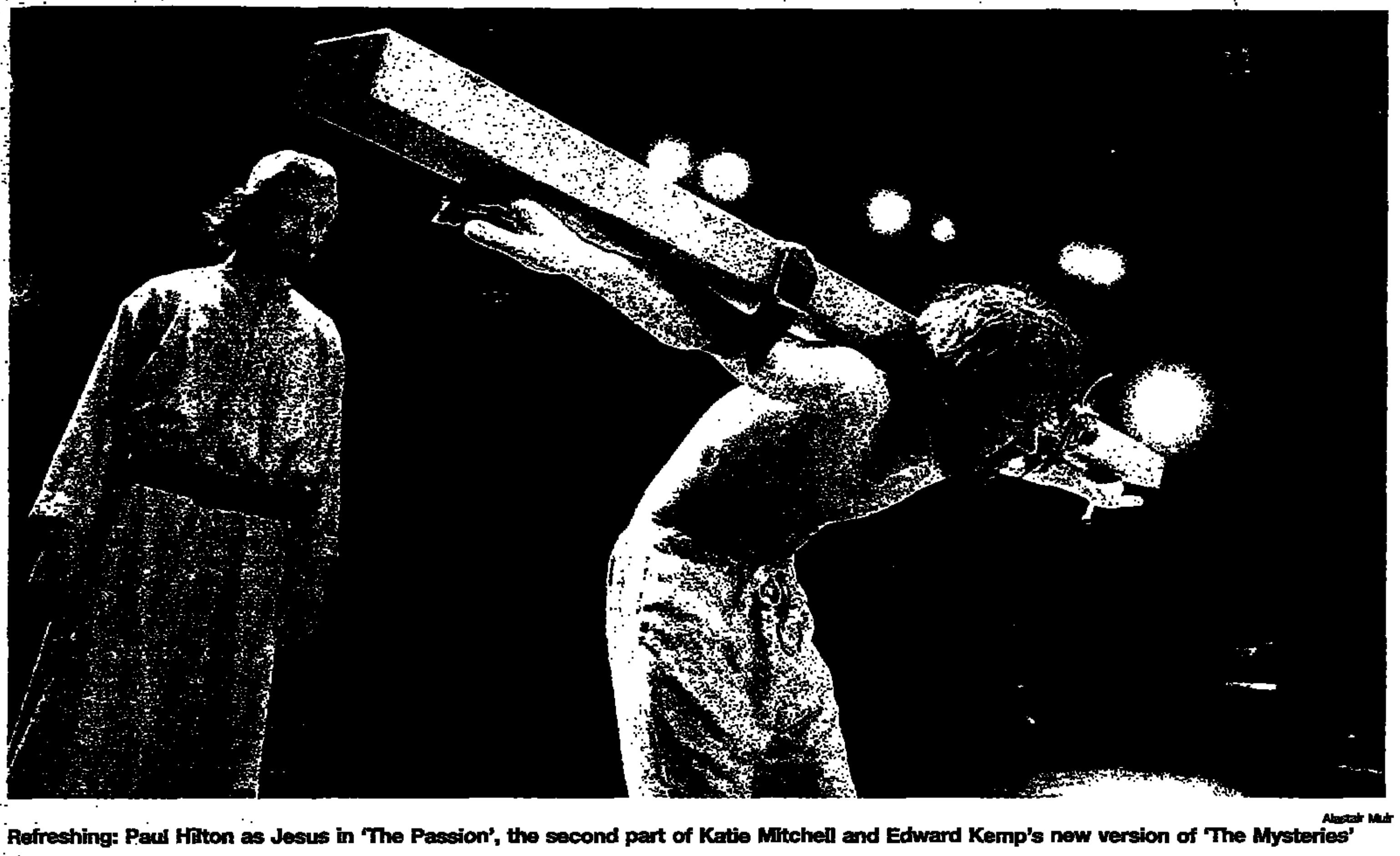
Television is not the greatest medium for polemics, but the current run of *Counterblast* (BBC2, Wednesdays) is proving an excellent series, not least because the arguments put forward are mostly unexpected and yet surprisingly persuasive. Sue Smith's belief that keeping pets is almost always wrong – bad for us and for the animals – was new to me, and yet in half an hour she had me wondering. Nigel Harris's argument that immigration is invariably good for the host nation, that the British were crazy to bar the Hong Kong Chinese, and that immigrants mean vivacity, variety and sheer profit, was less novel but still something that badly needs saying amid the perpetual unthinking chorus of anti-immigrant propaganda.

★

Does anybody know anybody who has been re-tuned to deal with Channel 5 (supposedly launching at the end of March) and who can now receive the C5 test transmissions clearly as well as receiving all the old signals as clearly as before on all their equipment? Here is my experience: Winter 1996: a C5 re-tuner spends 1½ hours in our house and leaves saying that all televisions and VCRs will now be able to receive C5. January 1997: postcard from C5 gives dates of off-air transmission tests. Unable to detect these tests on any of our equipment.

February 3: phone C5 re-tuners to say we cannot see test transmissions. February 17: since nothing has happened, phoned again. February 19: Still nothing, so phone again. Told a supervisor will contact us. February 25: phone yet again. Told a re-tuner will call between 9.00 am and 1.00 pm on March 3. March 3: no re-tuner. Phone to ask why. No explanation. Make new appointment for March 7. March 7: no re-tuner. Phone to ask why. No explanation. Point out this is their second no-show. Told that a supervisor will be informed, and re-tuner will come March 11.

March 8: start inquiring among friends and colleagues: one says she can now see C5 test transmissions but all her other channels have "gone fuzzy". Several say their old channels are still fine, but they can see only a vague outline on the C5 test picture. No one claims to be able to receive clear signals from C5 and all the old channels. March 11: re-tuner arrives and makes the sets in sittingroom and bedroom work, but not those in study or top floor. So says cable company must re-tune their equipment in these rooms. Does anybody know anybody . . .



Alastair Muir

Refreshing: Paul Hilton as Jesus in 'The Passion', the second part of Katie Mitchell and Edward Kemp's new version of 'The Mysteries'

Perth Festival/**David Murray**

Year of new images

The Perth Festival teems with theatre: new plays from local companies, student theatre, "street" theatre, avant-garde European troupes, and this year two visiting British companies as well. The British Council is celebrating its 50th year in Australia with *new*IMAGES, a year-long exchange programme which includes cultural and sporting events, scientific and technological symposia and much else. Under its auspices, the Royal Shakespeare Company and the West Yorkshire Playhouse are both touring the country.

Adrian Noble's imaginative RSC production of *A Midsummer Night's Dream* arrived in Perth just as I was leaving, but I saw the West Yorkshire Playhouse company in *The Beatification of Area Boy*. Wole Soyinka's angry comedy about corruption and destitution in present-day Lagos is an odd amalgam of moral fairy-tale, raunchy local colour and frank protest-tract.

I thought Jude Kelly's brave staging just about held it together, along with Anthony Ofoegbu's deft, wary performance as the upper-class Nigerian who has thrown in his lot with the "area boys" of Lagos – small-time thieves and extortionists whose petty crimes help them survive amid the régime's far greater inhumanities.

Soyinka's illusionless decency tells strongly. There is a lot of singing, almost Caribbean-style; at the end, however, everybody swings into real African music, and suddenly we realise that everything before has of course been played out in foreign fancy-dress.

The *new*IMAGES project also supported an expansive celebration of John Tavener's music: six concerts partly or wholly devoted to it, one of them a performance of his new "singing tableau" *Let's Begin Again*, a co-commission by the Perth Festival with those of Norwich and Greenwich, and the Paris "Festival d'Art Sacré". With a text by Tavener's spiritual adviser Mother Thekla, the music occupies much the same musical territory as Tavener's famous hit *The Protecting Veil*.

The latter was performed here by the cellist Raphael Wallfisch with panache, interestingly different from the serenity of its original soloist Steven Isserlis. The Perth mezzo Fiona Campbell was a loyal, distinctive soloist both as Mother Thekla's expiring Virgin Mary and in *Agraphon* – a favourite piece of Tavener's, apparently, though I find it too baldly schematic to hear it as real music at all. Lionel Friend had wisely been imported to conduct the West Australian Symphony in all the pieces with orchestra, which he did with expert sympathy.

The chimes and gongs resounded, the bass-pedals went on and on, the strings rose to their few bright moments: the selfless, devotional manner that Tavener now favours was finely sustained, whatever one might think of it.

Theatre/**Alastair Macaulay**

God at play

The most marvellous policy currently operating at the Royal Shakespeare Company is in operation at Stratford-upon-Avon's The Other Place. The young director Katie Mitchell, who is in charge of it this season, has made it a locale for medieval English drama: first, *Everyman* (directed by Kathryn Hunter and Marcello Magni), and now Mitchell's own two-part staging of *The Mysteries*, in new versions by Edward Kemp and herself.

The season casts light, as it is meant to, on the history of English drama. These early plays have a direct and economical poetic eloquence that is modern in the way that Shakespeare often seems surprisingly modern; and they have too a religious and existential seriousness that we seldom associate with English theatre.

The simplicity and economy of Mitchell's account of *The Mysteries* (each part, *The Creation*, *The Passion*, lasts three hours) are, again and again, breathtaking. Although there are many moments when surprising twists in the old texts and/or their new interpreters refresh the narrative for us, the best passages of all are when completely familiar episodes seem to be happening before us for the first time. There is little by way of character acting. Each player plays several parts, but with only slight changes of costume, gait or voice.

Most astonishing of all is the conviction with which Mitchell's actors bring off the extreme speed of the God/Abraham/Isaac story. God arrives before Abraham and calls him by name; but Abraham looks at him as at a stranger and simply asks "Who art thou?" God replies, explaining his identity in two quick lines, and Abraham responds at once: "To hear Thy will ready I am;/ Whate'er it be it shall be done." God's will, however, is that Abraham must prove his love of Him by slaying his own son. He takes just three lines to express this; Abraham, responding, takes just seven to express his utter devotion to his son and his preparedness nevertheless to obey God's will ("I love my child as my life;/ Yet I love my God much more").

Here the two actors are David Ryall and Richard Lynch, the two most enthralling actors in a generally excellent cast. Ryall gives us – astonishingly – God at play. During Abraham's anguished preliminaries for the sacrifice, Ryall/God seems to sleep. But, when the angel stops Abraham from slicing his son's neck, he/He rolls across the floor toward Abraham, filled with glee to have discovered and to have tested so devoted a servant. Lynch is an Abraham of complete transparency. He utters, whether to his God or his son, what is in his heart. Minimum fuss, just open immediacy; so that our eyes, at several stages of this story, are suddenly stabbed by tears.

Curiously, the Crucifixion and Deposition are among the episodes omitted from Part Two, *The Passion*. Here the emphasis is all on Jesus and his disciples. At all points, Jesus is teaching, teaching, teaching; and the disciples keep struggling to understand. This part flags a little just before the end. Two slight problems are that Paul Hilton, an interestingly ungraceful Jesus, overdoes the improvisatory now-what-shall-I-say manner of Christ, and that he is too free with the text (as he is led off, he murmurs "I love you" to Pilate).

Other departures from the text comes in overlapping several scenes near the end, so that Peter overhears Judas repent, and Jesus carrying his cross then hears Peter deny him thrice. All a tad *too* neat. And yet the story stays fresh, uncluttered, serious. Hilton gives us Jesus's happy surprise, for example, on curing the sick; and it reminds us of the artless surprise with which God reacted to the growth of the first trees, or to Abraham's supreme obedience.

Kemp's text, in quatrameter verse with changing rhyme schemes, gives us both mediaeval parlance (full of assonance and alliteration) and modern directness. "Grant mercy, good men, in good fay/ To bless this bread, I thee pray." Mitchell fuses text, acting, design in easy harmony. Like so much that this director does, *The Mysteries* is an object-lesson in ensemble, economy, precision. This unbeliever followed it with complete faith.

In RSC repertory at The Other Place, Stratford-upon-Avon.

Theatre

Crash survivor

The similarities between Michael Punter's *The Wolves* and Michael Ondaatje's *The English Patient* are disconcerting. Both are centred upon a mysterious stranger who survives a plane crash, and each deals in the currency of ideas around nationalism and internationalism, ownership and freedom, and misplaced love. Ondaatje's story is set primarily in the desert. Punter however opts for hardier climes: a remote pig farm in the east European Republic of Byavaria.

Punter is clearly fascinated by dramatic conflict through opposition. On a simple level, Anya (Jane Hazelegrove), daughter of the pig farmer Odyn (Silverster Morand), is a vegetarian, an early indication of the touches of humour Punter uses to undercut the politics his characters are tussling with.

The crash survivor (a resolute Crispin Redman) turns out to be an English professor (or is he . .?) but although both parties speak the same language, there is comedy in their lack of communication. Morag Hood is delightfully devious as a busybody with designs on Odyn, her ex-husband, while Tom Goodman-Hill is amusingly earnest as he flops forlornly about Anthony Lamble's concise wooden set worrying about being "a mummy's boy" and protesting his love for Anya. Hot on the heels of the mystery man comes Nicholas Blane doing a hilarious Peter Ustinov-style turn as the district's former mayor whom everyone thought was dead.

The mix of absurdity and political ideology sounds vaguely reminiscent of Gogol's comedy *The Government Inspector* but the potential of in the text isn't quite realised. This is partly due to the rambling nature of the plot and partly the fault of the production. Director Simon Usher pays Punter the compliment of taking his play at face value, but less reverence would shake it into more vivid life. A faster, more vigorous juxtaposition of ideas would produce a greater sense of friction which in turn would push the rather sluggish pace.

Despite pleasures along the way, in the end *The Wolves* is stymied by its own ambitions. Nonetheless, its a huge relief to find a young playwright writing compassionately about people struggling with genuine concerns about the past, present and future, rather than merely flirting with fashionable issues.

David Benedict

At the Bridewell London EC4 (0171 936 3456) and touring.

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

CONCERT
Concertgebouw Tel: 31-20-6718345
● Koninklijk Concertgebouworkest: with conductor Claus Peter Flor and cellist Jean Decroos perform works by Berlioz, Caplet and Tchaikovsky; Mar 14, 15, 16

■ BERLIN

CONCERT
Konzerthaus Berlin Tel: 49-30-203090
● Philharmonie der Nationen: with conductor and pianist Justus Franz perform works by Weber, Mozart and Schumann; Mar 14
Philharmonie Berlin – Grosser Saal & Kammermusiksaal Tel: 49-30-2614383
● Rosemarie Lang and Helmut Oertel: the mezzo-soprano and pianist perform works by Schumann and Brahms; Mar 15

OPERA
Deutsche Oper Berlin Tel: 49-30-3438401
● Susannah: by Floyd. Conducted by Marie-Jeanne Dufour, performed by the Deutsche Oper Berlin. Soloists include Karan Armstrong and Dean Peterson; Mar 15

■ BORDEAUX

THEATRE
Théâtre du Port de la Lune Tel: 33-56 91 01 81
● Le Barbier de Séville: by Beaumarchais. Directed by Jean-Louis Thamin and performed by the Centre Dramatique National Bordeaux-Aquitane. The cast includes Loïc Brabant, Amélie Gonin, Yves Gourvil, Robert Plagnol and Pierre Vial; to Mar 15

■ BOSTON

EXHIBITION
Museum of Fine Arts Tel: 1-617-267-9300
● Face and Figure in Contemporary Art: display featuring the work of 48 artists from the early 1970s to the present day. The exhibition examines changing artistic representations of the human figure and face. Artists with work represented include Hockney, Opie, Freud, Lichenstein, Mapplethorpe and Kiki Smith; to Mar 15

■ CHICAGO

THEATRE
Steppenwolf Studio Theatre Tel: 1-312- 3351888
● Time To Burn: by Mee. Directed by Tina Landau and performed by Steppenwolf Theatre Company. The cast includes Alexandra Billings, Jeb Brown, Frankie Davila and Mariann Mayberry; to Mar 30

■ DUBLIN

CONCERT
National Concert Hall Tel: 353-1-6711888
● National Symphony Orchestra: with conductor Alexander Anissimov and pianist Hugh Tinney perform works by Rachmaninov; Mar 14

■ FRANKFURT

DANCE
Städtische Bühnen Oper, Ballett, Schauspiel Tel: 49-69-21237444
● Artifact: choreographed by William Forsythe to music by J.S. Bach and Crossman-Hecht, performed by the Ballett Frankfurt; Mar 15, 16

EXHIBITION
Museum für Moderne Kunst Tel: 49-69-21230447
● Views from Abroad: European Perspectives on American Art II: the second part of the gallery's exchange of exhibitions with the Whitney in New York. Artists featured include Andre, Baldessari, Cage, de Kooning, Hopper, Johns, Lichenstein, Nauman and Pollock; to May 4

■ LONDON

AUCTION
Bonhams Chelsea Tel: 44-171-3933900
● Architectual Antiques and Related Items: sale featuring different styles of architectual antiques, including fire surrounds, chimney pieces, fire grates and irons, stained glass, chandeliers, fenders and wall lights; Mar 13

CONCERT
Royal Festival Hall Tel: 44-171-9604242
● London Philharmonic Orchestra: with conductor Roger Norrington and mezzo-soprano Sarah Walker perform works by Haydn and Britten; Mar 14
Wigmore Hall Tel: 44-171-9352141
● Monica Groop: the mezzo-soprano performs works by Brahms and Ravel; Mar 15

EXHIBITION
Dulwich Picture Gallery Tel: 44-181-6935254
● Dramatic Art: Theatrical Paintings from the Garrick Club: exhibition of paintings collected from the London theatrical club, featuring works by Johan Zoffany, Sir Thomas Lawrence, George Clint and Samuel de Wilde; to Mar 16

■ LYON

CONCERT
Opéra National de Lyon Tel: 33-4-72 00 45 00
● Juilliard Quartet: perform worsk by Haydn, Bartók and Brahms; Mar 14

■ NEW YORK

EXHIBITION
Brooklyn Museum Tel: 1-718-638-5000
● The Furniture of George Hunzinger: exhibition examining the work of furniture designer Hunzinger, comprised of 50 objects, including a rare daybed and chairs and original 19th century patent drawings; from Mar 14 to Jul 6

OPERA
Metropolitan Opera House Tel: 1-212-362-6000
● Billy Bud: by Britten. Conducted by Charles Mackerras, performed by the Metropolitan Opera. Soloists include Philip Langridge, Dwayne Croft and James Morris; Mar 14

■ PARIS

CONCERT
Théâtre du Châtelet Tel: 33-1 42 33 00 00
● Brigittw Engerer, Dmitri Sitkovetksy and David Geringas: the pianist, violinist and cellist perform works by Tchaikovsky, Rachmaninov, Prokofiev and Shostakovich; Mar 14

EXHIBITION
Hotel de Sully Tel: 00-33 142744775
● Portraits d'un esthète De Marlene Dietrich à Mick Jagger: exhibition of work by photographer Cecil Beaton who produced influential fashion shoots for Vogue magazine and Harper's Bazaar. The display includes two self-portraits and portraits of such notables as Marlene Dietrich, Greta Garbo, Gary Cooper and Jean Cocteau; to Mar 16

■ ROME

EXHIBITION
Galleria Nazionale d'Arte Moderna Tel: 39-6-322 981
● Alighiero e Boetti - L'opera Ultima: exhibition marking the second anniversary of the Italian artist's death and featuring four large-scale works; "Alternando de 1 a 100 e viceversa", "Oeuvre postale", "Tutto" and "Tappeto", which were among the last works created by the artist; to Mar 16

OPERA
Teatro dell' Opera di Roma Tel: 39-6-481601
● Don Quichote: by Massenet. Conducted by Alain Guingal, performed by the Opera di Roma. Soloists include Ruggero Raimondi, Anna Caterina Antonacci and Alain Vernhes; Mar 16, 13

■ VIENNA

OPERA
Wiener Staatsoper Tel: 43-1-514442960
● Il Barbiere Di Siviglia: by Rossini. Conducted by Allemandi and performed by the Wiener Staatsoper. Soloists include Kirchschlager, Szep and Groves; Mar 15

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17.30
Financial Times Business Tonight

CNBC:

08.30
Squawk Box

10.00
European Money Wheel

18.00
Financial Times Business Tonight

FINANCIAL TIMES
Wednesday March 12 1997

Boeing to drop US image over 20 years

By Michael Skapinker in London and Emma Tucker in Brussels

Boeing, the US aircraft maker, aims to shed its image as an American company over the next 20 years, said Mr Philip Condit, its chairman, said in an interview with the Financial Times.

Mr Condit said he wanted Boeing to follow the example of oil companies British Petroleum and Royal Dutch/Shell, which managed to present themselves as local organisations in the countries in which they operated. Boeing would have to become a global business if it was to remain successful.

He pointed out that Boeing's planned takeover of McDonnell Douglas of the US would reduce his group's dependence on its home town of Seattle.

The acquisition would mean 40 per cent of Boeing's executives would be based in Seattle, compared with the present figure of 90 per cent. Mr Condit said that once the acquisition had been concluded, Boeing would attempt to expand internationally through joint ventures.

He was confident the takeover would be approved by both US and European regulatory authorities. Yesterday, however, Mr Karel Van Miert, the European Union competition commissioner, said he still had substantial regulatory concerns over the acquisition.

Mr Van Miert, who is expected to announce next week that the initial Commission probe into the deal would be prolonged by four months, said the problems with the merger "still remain".

Mr Condit identified British Aerospace as a company with which Boeing wanted to expand links. He expected ties with the UK group to increase whether or not Europe's defence groups manage to consolidate their operations.

BAe is already a partner of McDonnell Douglas on the Harrier jump-jet programme and Boeing is a sub-contractor to BAe on the programme to provide replacements for the UK's fleet of Nimrod Maritime Patrol Aircraft.

The Boeing chairman said he saw BAe as a possible partner on the planned Joint Strike Fighter. BAe was part of a consortium with McDonnell Douglas and Northrop Grumman of the US, which was eliminated from the competition to build the new fighter.

The US government decided the aeroplane would be built either by Boeing or Lockheed Martin of the US. Mr Condit said BAe "gets to make a choice as to which team they want to be on".

Mr Condit denied a claim by Mr Manfred Bischoff, chief executive of Daimler-Benz Aerospace of Germany, that Boeing had prevented Northrop Grumman from working on the ASXX, the 550-seat aircraft being planned by Airbus Industrie.

Mr Condit said Northrop Grumman had made the decision to withdraw.

Flight plan, Page 12

S Korean giants unite to fight hostile takeovers

By Jack Burton in Seoul

South Korea's leading conglomerates said yesterday they would act jointly to suppress any hostile takeover bids in an effort to preserve economic stability and prevent domestic companies falling into foreign hands.

The decision by the Federation of Korean Industries, which represents the leading conglomerates, or chaebol, came after several conglomerates tried to stage one of the country's first hostile takeover bids – an attempt by the Dongbang food group to acquire Midopa department stores.

The FKI announcement underscores that South Korea's conservative business culture will probably ensure hostile takeover bids remain rare, despite the easing of rules on mergers from next month, a requirement for the country's entry last year to the Organisation for Economic Co-operation and Development.

The Dongbang bid for Midopa has been particularly controversial in South Korea since the Peregrine financial group of Hong Kong is supporting the deal. South Korean law still bans hostile takeovers by foreigners. Even the involvement of foreign investors in the domestic bid for Midopa has raised hackles.

Midopa used the threat of foreign ownership to persuade several chaebol including Samsung, Hyundai and LG to buy bonds with equity warrants as part of a defensive move by its parent group Dainong to keep its controlling stake in the store chain.

Offshore funds controlled by Peregrine have a 10 per cent stake in Midopa. Dongbang and its allies have another 26 per cent against an estimated 38 per cent held by Dainong and its supporters. Peregrine and Dongbang operate a joint venture securities firm in Seoul which also holds a 1.9 per cent stake in Midopa.

FKI officials complained that hostile takeover bids would disrupt South Korea's industrial competitiveness by forcing companies to divert money needed for investment during a period of sluggish growth into defence from corporate raiders. There are also fears that companies will become easy targets for "greenmail" raids by foreign investors.

Analysts do not discount the possibility of the Dongbang bid succeeding. Although Midopa placed its new $60m bond issue with friendly buyers, they can not exercise voting rights at this year's share-holders' meeting even if they convert bonds into equity stakes which would amount to a 10 per cent share of the company.

Zaire diamond chief ready to collaborate with rebels

By Michela Wrong in Mbuji-Mayi

The head of Zaire's state-controlled diamond mining company, a significant source of revenue for the cash-strapped Kinshasa government, is ready to collaborate with the rebels poised to move into the country's mineral-rich east Kasai province.

In a statement certain to send shock waves through central government, heavily dependent on diamonds from the region and copper from Shaba for foreign exchange, Mr Mukamba Kadiata Nzemba, chief administrator of the Société Minière de Bakwanga (Miba), said the company would work under Mr Laurent Kabila, the rebel leader, if he occupied east Kasai.

"We're not calling Kabila in, but we can't do anything to stop him if he comes," Mr Mukamba, a government appointee, told a group of western journalists. "If Kabila arrives and he is the new boss, I would obey him.

"I obeyed Mobutu when he was boss, but he is not immortal. I would co-operate with anyone who succeeds him. I can work under Kabila. That doesn't make me a traitor."

He acknowledged that the loss of Kasai's diamond revenues – officially estimated at $300m-$400m a year but believed to be far greater because of the huge trade in smuggled diamonds – could mark a turning point for Kinshasa.

Miba, in which the Zairean government holds 80 per cent and Sibeka, the Belgian company, 20 per cent, is Kasai's biggest diamond producer.

Until yesterday's statement, Mr Mukamba, widely regarded as the most powerful figure in east Kasai, was seen as a close ally of President Mobutu Sese Seko. He went on national television late last year to rule out co-operation with the Alliance of Democratic Forces for the Liberation of Congo-Zaire, making their first inroads into the eastern Kivu region.

His change of heart will fuel growing fears in Kinshasa that the mineral-producing provinces of Shaba and east Kasai, both areas with strong traditions of independence from central government, may be tempted to join the rebel movement and sever their ties with the corruption-ridden capital.

When the town of Kindu, on Kasai's eastern border fell to the rebels 10 days ago, top officials admitted it was a disaster. They said it must be recaptured before the rebels started infiltrating Kasai. But no army counter-offensive materialised and Mr Mukamba has made it clear he regards rebel occupation as inevitable.

Clinton calls for free air time

Continued from Page 1

give two hours of prime time for each election campaign. The Federal Election Commission would distribute the free time but parties would be able to buy additional air time.

Television is at the heart of the debate over campaign finance reform because much political advertising is funded by "soft money", largely unrestricted donations meant for "issues advocacy", not for candidate promotion.

An opinion poll published yesterday by the Washington Post appeared to show that the fundraising scandal has, for the first time, had an effect on the president's high popularity rating.

Revelations that China may have tried to influence last year's congressional elections through surreptitious contributions are complicating the confirmation hearing of Mr Anthony Lake as the head of the Central Intelligence Agency. Mr Lake was the president's top national security aide when the Federal Bureau of Investigation allegedly told two junior aides of the Chinese effort. Mr Clinton says the information was not passed to him.

THE LEX COLUMN

Urge to purge

Not even the wiliest of the tsars could teach Mr Boris Yeltsin statecraft. One has to admire the panache with which he has lately blamed Russia's ills on his own ministers. And purging most of them yesterday was a *coup de théâtre* – a conveniently striking demonstration that Mr Yeltsin is back in real charge.

All this is of course music to investors' ears, especially since enthusiastic reformer Mr Anatoly Chubais is now established in a position of prominence. Nevertheless, some caution is in order. For one thing, the episode underlines how far Russia's government depends on one man. True, Mr Yeltsin packed plenty of punch into the 25-minute speech he has given since returning to office. But this alone hardly seems enough to dispel all the old worries about his health.

Moreover, welcome though it is that Russia looks firmly restored to the reformist path, it is just as well. Together with some distinctly questionable assumptions about Russian companies' mostly undocumented ability to generate returns, current share prices already imply some conspicuously rosy growth prospects for the economy. And in a market which has for no good reason ballooned by 60 per cent in dollar terms since the beginning of the year, good news on this front is a relief not a bonus.

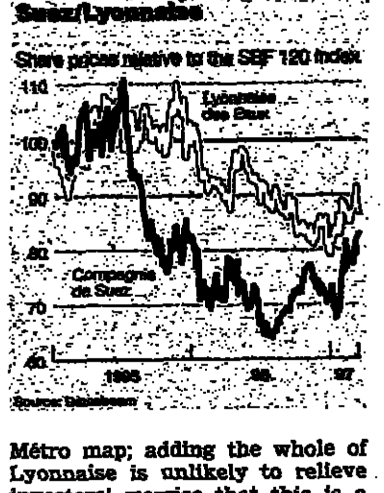
Wise investors, in fact, will be taking profits.

Suez/Lyonnaise

FTSE Eurotrack 200:
2259 (+16.3)

Suez/Lyonnaise

Share prices relative to the SBF 120 index



Source: Datastream

Why do persistent rumours of some kind of merger between Compagnie de Suez and Lyonnaise des Eaux refuse to die? Probably because the notion has a tidy-minded elegance. Currently, Suez has just a minority stake in Lyonnaise; by taking control it would become a bit less like a glorified investment trust and a bit more like a real company. Meanwhile, Suez's much-strengthened balance sheet would doubtless come in handy to Lyonnaise, which has grandiose international ambitions but hefty debts. And Lyonnaise's succession problem – chairman Mr Jérôme Monod is close to retirement – would be conveniently solved.

The snag is that, tempting as these attractions may seem, they are unlikely to outweigh the awkward fact that combining the two businesses would have precious little industrial logic. Suez's corporate structure already looks like the Métro map; adding the whole of Lyonnaise is unlikely to relieve investors' worries that this is a company without much purpose. And although Suez would end up with control of two big utility businesses – Lyonnaise and Belgian power group Tractebel – the overlap is modest. Indeed, such similarities as there are between the two are, if anything, a problem: Belgian hackles would probably be raised by the prospect of one of the country's industrial jewels being swallowed up by a French utility group.

In short, this combination may look neat on an investment banker's drawing-board but it is unlikely to create much if any value. That makes it essentially a zero sum game: either Lyonnaise shareholders would have to yield control for no premium, or Suez shareholders would end up overpaying. Even if some tax synergies could be found to lubricate a deal, neither prospect looks at all enticing.

Zeneca

Zeneca's cauldron is bubbling over with new potions. The group's pharmaceutical division is launching seven new drugs, including treatments for cancer, schizophrenia and asthma. In agrochemicals, it is rolling out herbicides and fungicides with combative names like Karate, Impact and Anvil. Even Quorn, the meat substitute, is enjoying a new lease of life – its sales nearly doubled last year. In the short term, marketing costs will restrain margin growth and cashflow. But Zeneca should have little trouble meeting and beating its target of 15 per cent annual earnings growth to the turn of the century.

The real strategic issue lies beyond that horizon. The research pipeline looks surprisingly bare: there is only one significant drug due for launch between 1998 and 2001, the year that patent expiries start to hit its maturing cardiovascular franchise. Zeneca has several options to address this problem. Management's preferred route is undoubtedly to license in more products. And the speed with which it snapped up migraine drug Zomig from Glaxo Wellcome shows it is becoming fleeter of foot in this area. But buying individual drugs may not be enough. Mr David Barnes, the chief executive, has repeatedly dismissed the alternative – to seek a big acquisition or a merger partner. But Mr Barnes is retiring in May 1998 and his successor may have to think more boldly.

Orange

Rarely has a British blue chip produced a results announcement as crowing as Orange's. The mobile phone operator boasted lower "churn" and higher "retained" revenue per customer than rivals. It also stated its aim of "clear network supremacy" by the year-end, rather like the Warsaw Pact boasting more tanks than Nato in the middle of the Cold War.

A little cold water is needed. Orange has lower churn – the rate at which customers disconnect – than rivals. But that is partly because Vodafone and Cellnet are shifting customers from their old analogue networks to new digital ones: Vodafone, for one, claims lower churn on its digital network than Orange's. As for Orange's claim of higher revenue per subscriber, the catch is the word "retained". Its rivals give a portion of their revenue to intermediaries to sign up new customers, so they retain less. The snag is that Orange, which does not use intermediaries, incurs the full cost of acquiring customers. What about network supremacy? Here Orange's claim rests on having more base stations than Vodafone. Unfortunately, its base stations have a shorter range, so the coverage is not necessarily better.

A touch of propaganda is all very well as a marketing ploy aimed at customers. The worry is that Orange feels a need to promote itself so aggressively to investors.

Additional Lex notes on Shell and Scotia, Page 21

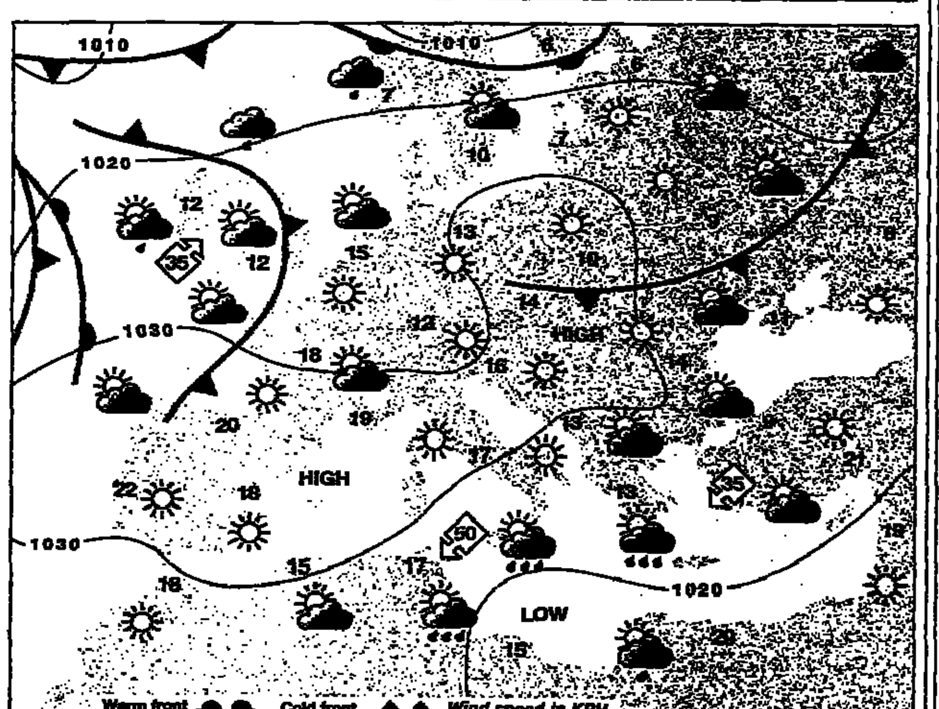
FT WEATHER GUIDE

Europe today

Most of the continent will have abundant sunshine but cloud will increase gradually over western sections. Morning fog, especially in the Benelux and Germany, will give way to sunshine by mid-day. Low pressure over the central Mediterranean will cause abundant rain with thunder in some areas. Afternoon temperatures will reach 22C along the Spanish, Turkish and Italian shores. Cloud and showers will keep Greece and southern Italy somewhat cooler. Maximum temperatures will range from 10C to 16C in north-western Europe.

Five-day forecast

Conditions will deteriorate throughout north-western Europe the coming week. An increasing westerly flow will bring a series of fronts with abundant cloud to the region. On Friday, northerly winds will draw cold unstable air over the continent resulting in a drop of temperatures and an increased risk of showers.



Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum	Beijing	cloudy 16	Caracas	fair 28	Faro	sun 20	Madrid	sun 19	Rangoon	sun 37
	Celsius	Belfast	rain 12	Cardiff	cloudy 12	Frankfurt	hazy 16	Majorca	fair 16	Reykjavik	fair -1
Abu Dhabi	sun 27	Belgrade	sun 14	Casablanca	sun 24	Geneva	fair 15	Malta	shower 15	Rio	shower 29
Accra	shower 33	Berlin	sun 11	Chicago	drzzl 7	Gibraltar	sun 18	Manchester	shower 12	Rome	sun 17
Algiers	fair 17	Bermuda	shower 18	Cologne	fog 16	Glasgow	rain 12	Manila	fair 31	S. Frsco	sun 19
Amsterdam	hazy 13	Bogota	shower 20	Dakar	sun 25	Hamburg	fog 14	Melbourne	shower 21	Seoul	fair 16
Athens	shower 13	Bombay	sun 34	Dallas	rain 21	Helsinki	fair 8	Mexico City	fair 27	Singapore	shower 32
Atlanta	sun 21	Brussels	hazy 15	Delhi	sun 29	Hong Kong	fair 25	Miami	fair 30	Stockholm	cloudy 10
B. Aires	fair 25	Budapest	sun 13	Dubai	sun 29	Honolulu	fair 28	Milan	sun 17	Strasbourg	sun 17
B.ham	shower 13	C.hagen	cloudy 8	Dublin	rain 13	Istanbul	fair 9	Montreal	fair -3	Sydney	fair 27
Bangkok	fair 36	Cairo	fair 23	Dubrovnik	sun 16	Jakarta	shower 31	Moscow	fair 5	Tangier	sun 20
Barcelona	fair 15	Cape Town	sun 25	Edinburgh	rain 11	Jersey	cloudy 14	Munich	sun 12	Tel Aviv	fair 21
						Karachi	sun 32	Nairobi	fair 30	Tokyo	sun 14
						Kuwait	fair 22	Naples	fair 16	Toronto	cloudy 1
						L. Angeles	sun 23	Nassau	fair 27	Vancouver	rain 8
						Las Palmas	sun 24	New York	cloudy 9	Venice	sun 15
						Lima	cloudy 26	Nice	sun 17	Vienna	sun 15
						Lisbon	sun 22	Nicosia	sun 21	Warsaw	fair 9
						London	cloudy 14	Oslo	cloudy 7	Washington	sun 12
						Lux.bourg	sun 14	Paris	sun 17	Wellington	shower 16
						Lyon	sun 17	Perth	fair 26	Winnipeg	sun -11
						Madeira	sun 21	Prague	sun 14	Zurich	sun 14

COMMENT & ANALYSIS

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Wednesday March 12 1997

Challenge for Mr Chubais

Mr Boris Yeltsin's decision to sack his entire government – with the exception of Mr Victor Chernomyrdin, the prime minister, and Mr Anatoly Chubais, the newly re-appointed first deputy prime minister – is bold. But whether it will mark a return to coherent and determined reform depends as much on the resolve of Mr Chubais as on the fitful attention of the president. The new deputy premier needs Mr Yeltsin's backing. First, however, he must create a team and a programme worth the president's support.

Mr Yeltsin's recent decisions show he has realised that the period since the presidential election last July has been wasted. For all his loyalty, Mr Chernomyrdin is incapable of giving Russia the government it requires. Yet the prime minister cannot be removed because of the strength of the Duma's opposition to Mr Chubais. Mr Yeltsin must, therefore, give Mr Chubais the power to choose the team he wants if the new government is not to be as ineffective as its predecessors.

Mr Chubais, in turn, should choose people who are committed to reform and possess integrity and intellect. It would be good to see Mr Yegor Gaidar and Mr Boris Fyodorov back in government. It would also be sensible to include supporters of Mr Grigory Yavlinsky, the erstwhile candidate for president.

What is needed, in short, is a government that exploits all the limited available talent.

No less important is removal from government of people with direct connections to large commercial interests. The confusion between government and business leads to bad economic policy, corruption and profound cynicism in the population. Such action would put Mr Chubais in opposition to some of his allies. So be it. Reform cannot succeed – and will not endure – if it is seen to be a mask for the looting of the state.

The new government's programme must concentrate on attacking corruption and tax evasion, eliminating wasteful subsidies, paying its arrears, privatising land and promoting competition and free entry for new business. With a credibly balanced budget, interest rates should continue their decline to levels consistent with fresh borrowing. Entry of new business is the best way to expand output and increase competition with the industrial dinosaurs. Punishment of corruption is essential if the ordinary citizen is to be persuaded to pay taxes.

What needs to be done has long been obvious. But the will has been lacking. As a result, Russia is now a laggard among the economies in transformation. This is Mr Chubais's chance to turn the giant around. It must be seized.

Temps perdu

Only in fairy tales do kings pass laws requiring their subjects to get up an hour earlier every morning. Any modern state which attempted such a thing would be deemed to have plunged into totalitarian lunacy. Yet almost all modern states in the temperate zone do pass laws which have that effect, by the simple expedient of announcing that summer time will begin on a certain date.

Some states got into the habit of doing this during one of the world wars. Others waited until the oil shock of 1973. The main reason has always been the same, to take economic advantage of the longer daylight hours. Left to themselves, it seems, human beings have an irresistible propensity to stay in bed in the morning and stay up late at night. Governments acted to correct this by moving the clocks forward one hour. In western parts of the EU, this actually means they are on double daylight saving, since even their winter time (except in the UK and Ireland, which stick to Greenwich Mean Time) is one hour ahead of the sun.

And now, *diable!*, the French have changed their minds. Brimming with nuclear energy, France apparently no longer cares about saving electricity. Instead she has discovered that changing the clocks twice a year "perturbs the biological rhythms of children" and even reduces the milk output of cows.

But can one state, especially an EU member, nowadays decide such a matter on its own? Yes, say the French, invoking subsidiarity. No, say their partners, with some awkward throat-clearing from London. Many kinds of business, but most obviously international transport, are inconvenienced if there are too many different time zones in a small area. Even more so, if the time difference between zones is not constant throughout the year.

Yet these spring and autumn rituals, though of relatively recent vintage, quickly establish themselves in people's routines. It took many years of negotiation for EU members to agree on a single date when summer time would end for all of them. Can such a pivotal state as France, to which or through which all European routes must lead, now be allowed to wreck it by going *cavalier seul*, requiring endless footnotes and special pages in rail and airline timetables?

No. Better let French farmers get up an hour later (by the clock) in summer – or an hour earlier in winter, if they prefer. As for the bio-rhythms of French children, they must surely learn to adjust to bigger shocks than a one-hour time-change every six months.

Slow justice

Attempts to identify and compensate victims of personal pensions mis-selling have been proceeding at a snail's pace. So the frustration felt by the House of Commons treasury committee when questioning the heads of the Personal Investment Authority was understandable.

The PIA, self-governing regulator for the sector, believes that 558,000 of a total of 5.6m personal pensions were sold without investors being properly briefed, many as long ago as 1988. So far, only 37,000 of these cases have been considered in detail. And a mere 7,000 have been compensated, by an average of about £9,000.

The PIA said last week that it "expected the companies involved to complete a substantial number of cases by the end of 1997". On Monday, the authority admitted it had no clear idea when the review would be completed.

The problem arose because pushy personal pensions salesmen failed to ask whether prospective clients were members of company schemes or were eligible to join them.

If they were, they would probably have been entitled to a better pension out of the company plan. For example, nearly all employees who moved out of a company plan forfeited the employer's contribution, which averages 13-14 per cent of earnings.

The procedures for identifying victims of mis-selling were introduced in 1993. Last November it was acknowledged that these had failed, and the system was simplified. But this has done little to speed things up.

Unfortunately, the sanctions which the PIA can impose on its members are limited. And the assessment of compensation puts a heavy burden on personal pension members and their current or former employers, who must calculate the benefits employees would have received had they stayed in the scheme.

Compensation is thus often delayed by disagreements between personal and occupational pension providers over the cost of reinstatement in the company plan.

There are three important conclusions to be drawn from this debacle. First, ways must be found to hasten compensation. If full reinstatement in a company scheme is not possible, insurers should be allowed to offer better personal pension benefits instead, using a standard regulatory formula.

Second, the argument for an overhaul of the Financial Services Act is greatly strengthened by this failure of self-regulation. It may be necessary to rationalise the complex two-tier structure of regulation.

Finally, the government's "basic pension plus" proposal for compulsory personal pensions will prove a very hard sell until these past injustices have been remedied.

Uncertain map of the future

Despite EU and Nato pledges, doubts remain over how to manage their historic enlargement, say **Lionel Barber** and **Anthony Robinson**

Mr Lech Walesa, former president of Poland, used to joke that if he could not have American generals on Polish soil, a General Motors plant flying the Stars and Stripes would do.

Today, GM has not only acquired a plant in Warsaw from a formerly state-owned car manufacturer, it is building a new $350m (£214m) assembly plant in Silesia in the south of the country. Poland is among the front-runners to join the Nato alliance and the European Union. Mr Walesa's dream of dual membership in the west's two most exclusive clubs seems secure.

Yet the prospects for Nato and EU enlargement into central and eastern Europe are not quite so clear-cut. Despite public pledges from both organisations about early entry dates, private doubts remain in western Europe about how to manage two historic developments which will redraw the map of Europe.

The relationship between Nato and EU expansion will be the chief theme at this weekend's meeting of EU foreign ministers in Appledorn, the Netherlands – the first chance for months that ministers have had to debate "the new European security architecture".

Largely due to American cajoling, the timetable for Nato expansion still looks intact. The alliance is due to agree to select the first group of new members at its Madrid summit in July – most likely Poland, the Czech Republic and Hungary – and admit them in time for Nato's 50th anniversary in mid-1999.

The main obstacle to Nato enlargement is the political consequences of extending western security guarantees to areas previously under Russia's influence. The sweetener for Russia is a charter providing for closer co-operation and consultation. But if there is no deal with Moscow by July, Nato says it intends to wrap up negotiations with the new members by the end of the year.

Nato's target date is bound to put pressure on the EU to speed up its preparations for admitting the 10 candidates from central and eastern Europe: the Czech Republic, Hungary, Poland, Slovenia, Slovakia, the three Baltic states, Bulgaria and Romania.

But eastern enlargement remains hostage to the EU's internal agenda which is more contentious than at any time in its 40-year history. In the next six to 12 months, EU leaders face decisions on institutional reform at the intergovernmental conference (IGC) reviewing the Maastricht treaty; economic and monetary union (Emu); and reform of the EU budget.

These issues are separate in theory but linked in practice. Thus, the pro-Emu camp is warning that a delay in launching the single currency beyond the planned date of January 1 1999 could freeze plans to admit new members. Spain has dropped hints that it could block enlargement if it does not receive assurances that generous regional aid from Brussels will continue.

Greece has warned it will hold up enlargement if the EU tries to delay accession talks with Cyprus. Turkey has threatened to block Nato enlargement unless the EU offers a promise of eventual membership – a prospect rebuffed last week by centre-right leaders led by Chancellor Helmut Kohl of Germany.

Such issues point to doubts within the 15-strong Union about expanding membership to 25-plus countries. The new Union would comprise a population of nearly 500m, stretching from the Arctic circle to the Aegean, from Barcelona to Bucharest. The 10 eastern applicants are poor, former command economies with unstable neighbours, potentially explosive minority problems and a combined gross domestic product less than that of the Netherlands. Taking in these countries will be far more complicated than the admission of Greece, Spain and Portugal in the 1980s.

The first difficulty lies in avoiding decision-making paralysis in a bigger, more diverse Union. Ostensibly, the Maastricht treaty review conference will offer solutions by weakening the rule of unanimity. More majority voting is one outcome; more important is the application of "flexibility", allowing some countries to integrate more closely without being held back by reluctant members.

The second difficulty lies in the political calendar. EU leaders have pledged to conclude the conference negotiations by mid-June. This deadline looks tight – largely because the negotiations are unable to make headway before the UK general election, expected on May 1.

Yet failure to reach a deal in the conference would force a delay in unveiling "Agenda 2000", the European Commission's overall recommendations on adapting ahead of enlargement. This will provide opinions on the merits of the eastern applicants and include proposals for reform of agriculture, regional aid and a new five-year budget package to run between 2000 and 2005. Because member states are deeply divided on all these issues, the Commission proposals are likely to determine the shape of the final outcome.

The European Commission is assuming little or no increase in real terms in the EU budget. The new budget discipline is driven partly by fiscal strictures facing countries in the future euro zone; partly by the prohibitive cost of extending an unreformed common agricultural policy and regional aid to a poor east.

Besides, the aspirant members are not ready to take on the *acquis communautaire*, the complex set of rules ranging from minimum social and environmental standards in the single market to the application of competition law. The solution, therefore, lies in long transition periods.

"These countries have skeleton public administrations and skeleton budgets," says a senior European Commission official. "There are serious questions about their ability to administer and enforce the *acquis communautaire*."

The third difficulty is that EU leaders have still to decide whether to open accession negotiations with all 10 applicants at the same time, or select countries at the Luxembourg summit in December where all the candidates will be present.

The Commission and the majority of EU countries appear to favour "differentiation". But EU leaders have barely addressed the question of how to deal with those excluded from the first round of enlargement, especially if these countries fail to make the first Nato cut as well. Bulgaria and Romania, where the governments have recently launched precarious reform efforts, are obviously at risk.

The mood in central European capitals is much more confident than in Brussels. The word in Budapest, Prague and Warsaw is that talks for full entry into the EU will begin in early 1998, six months or so after the end of the intergovernmental conference.

At most, officials concede that the detailed sectoral negotiations – over nitty-gritty issues such as agriculture, freedom of movement and access to regional aid – will be a hard slog.

Alluding to Germany, the cost-conscious champion of enlargement, Mr Jan Truszczynski, Poland's ambassador to the EU, says: "Even those countries with a strategic stake in admitting Poland will have practical, technical difficulties.

"Increasingly, we say what matters is the content of the negotiations and the quality of the outcome. If this means the negotiations take longer, we have no objections to arriving in Brussels around 2001-02."

Nevertheless, some of the presumed advantages of EU membership such as freedom of movement of people look double-edged from eastern Europe. West Europeans may fret about Czechs and Poles flooding their labour markets at times of record unemployment. But governments and employers in the heart of Europe are worried about brain-drains and their impact on growth.

It is a similar story in agriculture where extension of the common agricultural policy would destabilise the Polish economy through an inflationary surge in farm incomes. This would force up land prices, divert investment from the modernisation of industry and create a new class of landowners. The same would apply to Hungary, but less so to the Czech Republic.

Mr Endre Juhasz, Hungary's ambassador to the EU, dismisses fears that the central Europeans will be compromised by taking on the *acquis communautaire*. Rapid privatisation and heavy foreign investment means three-quarters of Hungary's exports now come from wholly- or partly-owned foreign plants. "The enterprises ensure our integration and ability to compete in the European market," he says.

The stream of foreign investment and the speed with which the central Europeans shifted their trade from east to west following the collapse of the Soviet empire mean the region is more integrated with western markets than seven years ago.

The Czech Republic, Poland and Hungary carry out well over 60 per cent of their trade with the EU. Their commitment to free trade and investment liberalisation has been strengthened by their recently acquired membership of the Organisation for Economic Co-operation and Development and the World Trade Organisation.

Some senior central Europeans wonder what further value they can expect from full EU membership, especially if it means taking on the burden of the *acquis communautaire* and losing competitive advantage. Such doubts are reinforced by senior US officials who ask why central Europe wants to become more linked to the slowest growing of the world's big trading blocs.

But these are mere musings. Faster integration into both the EU and Nato is still seen as a passport to security and prosperity, filling the vacuum between Germany and Russia which has haunted the continent in the 20th century. The will to join the west is as strong as ever.

· OBSERVER ·

A big noise for Basle

■ Alfons "Fons" Verplaetse is a natural choice to succeed Wim Duisenberg as president of the Bank of International Settlements, the Basle-based club for central bankers.

A numbers man down to his fleshy finger tips, Verplaetse has run the National Bank of Belgium since 1989, a period in which the country has consolidated its position as a front-rank candidate for economic and monetary union.

Verplaetse's trademark is a guttural chuckle mixed with the occasional "ooh-la-la" to describe the gyrations of currency markets. But behind the governor's affable manner lies a man of discipline; he has stuck to Belgium's policy of shadowing the D-Mark through difficult times.

Like Jean-Luc Dehaene, the Belgian prime minister, Verplaetse made his name as a backroom operator; both served as chief of staff to Wilfried Martens during his tenure as Belgium's premier in the 1980s. Indeed, Verplaetse is more inclined to dip into politics than most of his shadowy central banker colleagues – even if that has meant the occasional ticking-off for pronouncements which seemed to tread on politicians' turf.

Verplaetse's answer is that central bankers do not exist in a political vacuum; the public must be carried along, too. Sounds like sound advice for Wim Duisenberg, soon to succeed Alexandre Lamfalussy as president of the European Monetary Institute and favourite to head the future European Central Bank.

Prudent future

■ It is the year 2000. The brave new world of financial services is dominated by Millennium Financial Group, with a market capitalisation of $120bn: Morgan Stanley Dean Witter, augmented by the acquisition of credit card group MBNA in 1998, has thrown itself into another merger of equals, this time with Chase, the first deal between a commercial bank and a securities firm since the 1998 repeal of the Glass-Steagall law which outlawed such marriages.

Not a futuristic flight of fancy, but a recent piece of research by analysts at Prudential Securities in New York. While the picture it paints is a work of the imagination, "it's quite possible" argues Ruchi Madan, senior bank analyst at Prudential. The millennial vista also includes the newly merged American Express-Merrill Lynch, Dresdner Bank-Salomon and Deutsche Bank-Alex Brown. Sorting out the resulting culture clashes should take the rest of the next century.

Due south

■ Next time you buy a bottle of Aussie plonk, the chances are it will come from South Australia. But there is more to the region than sunshine, sheep and spicy shiraz; that, at least, is the message being peddled by the state government.

Temporary housing, cheap loans and a "meet and greet" service at the airport are on offer as part of a drive to lure skilled immigrants to the sunny south. South Australia is the only state in the country offering immigrants both accommodation and financial incentives.

But the bigwigs in Adelaide have their work cut out to compete with the glamorous – by Australian standards – east coast. About 80,000 people settle in Australia each year, but most are drawn to the bright lights of Sydney and Melbourne. South Australia attracted a mere 3,000 immigrants last year – hardly enough to support its ambitions as an economic powerhouse.

As well as the incentives, the state's economic development boffins have also launched a sunshine-yellow Internet site to get their point across.

Industrious Brits are the main targets – thanks to the common lingo – though workers from Hong Kong, India and eastern Europe are also on South Australia's shopping list. For the record, IT, software and precision engineering skills are most in demand. If you've got a masters degree in sheep-shearing, don't even bother applying.

Deutsche Lang

■ Just in case the locals don't understand his point, UK trade and industry minister Ian Lang will tomorrow be in Germany to do a spot of social chapter bashing – in German. The self-styled chief executive of UK plc will travel to what ministers see as the heart of Euro-corporatist thinking to spread the gospel of flexible labour markets.

The event, at the Dusseldorf headquarters of the BDI, the German employers' federation, will be the first time anyone can remember a British cabinet member delivering a speech in the local vernacular. But isn't that going a bit native, a bit *communautaire*? Not a bit of it, says an aide. "He certainly wants to sound polite, but he wants to get across the message in the clearest possible terms. It prevents misunderstandings if they hear it in their own language."

The Financial Times

100 years ago

Prospect Of War
The position in southern Africa is a simple one, though complications are likely to arise in unravelling it. On the one hand you have 50,000 Englishmen or women claiming the protection of England, ground down, oppressed and tyrannised over by (taking their own figures) 20,000 dogged, uneducated and determined Boers. This is what a Boer will tell you today – "You Englishmen were driven out by us in 1881, and we will drive you out again if ever you dare again to show your faces in the Transvaal."

50 years ago

The American Economy
A report on the US production outlook for 1947, issued by the Office of Temporary Controls, expresses qualified optimism regarding the continued economic good health of America. It is expected that wage rates will rise in the spring; that prices of agricultural products will decline; that building activity and output of durable consumer goods, particularly automobiles, will increase for at least most of the year; and that the present high level of expenditures on new plant and equipment will continue.

KPN benefits from overseas growth

By Gordon Cramb in Groningen

KPN, the Netherlands' privatised post and telecoms utility, increased net profits 9.1 per cent to Fl 2.46bn ($1.28bn) last year, as expansion abroad compensated for the incursion of competitors on its home ground.

Mr Wim Dik, chairman, said the company expected "considerable" growth in earnings for the current year, as it continued its international development strategy.

The acquisition late in 1996 of TNT, the Australian-based parcels group, meant that one-third of group sales would come from outside the Netherlands.

Revenues at Fl 21.33bn were up 10.6 per cent, a record rate of growth, even though they did not include any contribution from TNT.

KPN is to lose its domestic monopoly over basic fixed line services in July, although several regulatory issues remain unresolved.

It has made an appeal to the government over interconnection rates among rival services, along with two future competitors which are building their networks: Telfort, a joint venture between BT of the UK and the Dutch national railways, and Enertel, a consortium of regional energy companies.

The three want less favourable charges imposed on providers that have not been required to invest in a national network.

Competition in Dutch telephony made itself felt last year through a drop in KPN's market share for international calls, where business users already have a choice. Revenues from that segment fell by Fl 170m, or 7.2 per cent, the company said, as price cutting set in.

Subscriptions to its mobile service grew 36.4 per cent, but mobile customers were making fewer calls and at lower prices. Start-up costs meant multimedia services lost Fl 42m.

Losses at affiliates were down from Fl 83m to Fl 60m as a continued drain from its Unisource tie-up with other national operators and AT&T of the US was offset in part by better inflows from the Czech Republic, Ireland and Indonesia.

Operating profits from telecoms were Fl 3.46bn, up 8.7 per cent, on a 9.3 per cent sales growth to Fl 14.28bn.

The postal side produced operating income 30.8 per cent ahead at Fl 943m, as revenues grew 10.4 per cent to Fl 6.71bn.

Net earnings per share were Fl 5.29 against Fl 4.89, and the total dividend is Fl 2.85, up from Fl 2.60.

UAP set to post FFr6bn losses

By Andrew Jack in Paris

Shares in Axa, the French insurance group, rose yesterday on news that UAP, the rival which it took over at the start of this year, would report losses, after provisions, of FFr6bn-FFr7bn ($1.04bn-$1.23bn) for 1996.

The charge would allow a "once and for all" clean-up of UAP in its final set of results as a separate company. The provisions follow UAP's first ever losses after heavy provisions in 1995, of FFr2.1bn. It should help it handle restructuring, property and insurance charges.

Axa-UAP will report combined figures from the start of this year. Its combination awaits shareholder approval in May.

Axa refused to comment on the UAP figures yesterday, which were reported in the French newspaper Les Echos. But it said it agreed with analysts' estimates that its own 1996 net profits would be in the range FFr3.6bn-FFr3.9bn. That would allow it to absorb much of any loss from UAP.

Axa-UAP has unveiled an executive committee, and appointed several outsiders to top jobs, including Mr Denis Kessler, head of the French federation of insurers, and Mr Donald Brydon of BZW.

The group is also considering reducing its stakes in Elf, the oil group, and Banque Worms, the troubled property bank owned by UAP.

EUROPEAN NEWS DIGEST

Pathé moves into the black

Pathé, the French media group created from the share split of Chargeurs last year, yesterday reported net income of FFr186m ($32.27m) last year after pro-forma losses of FFr509m in 1995. Turnover jumped by two-thirds to FFr1.8bn after the integration of its Renn Productions subsidiary into the accounts, the effects of the first full year of its Dutch cinema arm, and the consolidation in the second half of last year of Libération, the left-wing French daily newspaper.

Pathé became 66 per cent owner of Libération in 1996 after a financial restructuring, and the group said the paper had met its target of operating break-even by several million francs and was on course for a net profit in 1997. The figures came in spite of a decline in circulation of the paper during last year of nearly 5 per cent to an average of 160,000 copies each day.

Film production returned to a modest profit, and there was an improved performance from the group's television interests, reflecting the results of BSkyB, in which it holds 17 per cent, offsetting losses from CanalSatellite, the digital service in which has a 20 per cent stake. Its cinema chain activities reported a decline in earnings before interest, tax and depreciation to FFr76m from FFr81m after a FFr23m provision to restructure its Dutch operations. Group debt fell to FFr1.9bn from FFr2.5bn during the year, and Pathé proposed a net dividend of FFr10 a share. *Andrew Jack, Paris*

Hoechst and Bayer disappoint

Shares in leading German chemical groups Hoechst and Bayer fell sharply yesterday after both companies reported lower-than-expected profits for 1996. Bayer, the first of Germany's "Big Three" chemical companies to announce headline results for last year, dropped 2.9 per cent in late afternoon trading to DM74.85, in spite of news of a 13.5 per cent rise in net profits to a record DM2.8bn ($1.64bn) and an increase in its dividend from DM1.50 to DM1.70 a share. Both figures were slightly below market forecasts. Pre-tax profits climbed 6.7 per cent to DM4.5bn, on a 9 per cent rise in turnover to DM48.6bn. Full details of 1996 results are due to be released at the group's annual news conference on March 18.

Shares in Hoechst, the world's biggest chemicals group, were harder hit, plummeting 5 per cent to DM75.20 after the company registered a sharply weaker than expected 24 per cent rise in net earnings to DM2.8bn, on a 2 per cent decline in turnover to DM50.9bn. Pre-tax profits rose 29 per cent to DM5.8bn.

Analysts, who had been expecting earnings to rise between 40 per cent and 50 per cent last year, were also surprised by news that "special factors" had led the Frankfurt-based company to post a pre-tax loss of DM383m in the fourth quarter. The dividend is being raised from DM1.30 to DM1.40. *Sarah Althaus, Frankfur*

Bank Austria deal approved

The European Commission yesterday approved the takeover of Creditanstalt, Austria's second-largest bank, by Bank Austria, the country's largest. The approval of the Sch17.2bn ($1.43bn) deal was widely expected after Bank Austria last week agreed to sell its 56 per cent stake in GiroCredit, the third-largest bank, to First Austrian Savings Bank. Bank Austria will also sell one of its several stakes in construction companies. These moves "removed the concerns regarding the impact of the planned merger on competition", the commission said. *Eric Frey, Vienn*

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Building groups plan to merge

By Gordon Cramb in Amsterdam

Volker Stevin and Kondor Wessels, two Dutch construction groups, are planning a merger which would create the biggest building company in the domestic market and the second-largest Dutch construction company active internationally.

They said yesterday that "discussions are taking place on a full merger of the two companies on equal terms". This would be effected through a share swap of one share in Volker Stevin for 2.25 in the smaller Kondor Wessels.

The announcement came ahead of Volker Stevin's 1996 results, due on Friday, and is said to have been brought forward as speculation about the deal spread on the Amsterdam bourse. On Monday, Kondor Wessels shares jumped Fl 5.70, or 7 per cent, adding another Fl 1.40 after the official statement yesterday to close at Fl 88.10. Volker Stevin shares, up a more modest 30 cents on Monday, ended yesterday Fl 13.60 higher at Fl 202.

The planned deal values the combined group at nearly Fl 1.5bn ($782m). It will have some 11,500 staff. Kondor Wessels will contribute primarily housing operations, which had revenues in the year to last June of Fl 976m. Volker Stevin, with 1995 sales of Fl 2.66bn, is known mainly for road and railway building, which provides a third of sales.

Options 'still open' on Belgian bank merger

By Emma Tucker in Brussels

Mr Ferdinand Chaffart, chief executive of Générale de Banque, Belgium's largest bank, said yesterday he was still open to the idea of creating a Belgian "megabank" through a merger with Banque Bruxelles Lambert, the country's fourth largest bank.

Speaking as the bank announced a 10.4 per cent increase in net profits last year, Mr Chaffart said: "I believe Générale de Banque has always said it was interested in seriously discussing such a merger."

But he added that such a move would be considered only when the biggest shareholders of the banks involved agreed, and when it was clear that the move made sense in terms of profitability.

Shares of Belgium's principal banks have been moving upwards recently amid renewed speculation that the creation of a megabank was on the cards. The idea has been around since the beginning of last year when Mr Philippe Maystadt, the Belgian finance minister, called for the creation of a big Belgian bank, to compete in the international market.

But tentative talks between Générale de Banque and BBL collapsed last year.

Net profits for last year rose to BFr15.1bn ($430m), an increase of BFr1.43bn on 1995. The rise was helped by the consolidation of new companies in the group, particularly Generale Bank Nederland, formerly Crédit Lyonnais Nederland, the Dutch subsidiary of the French state-owned bank, which Générale de Banque bought in December 1995.

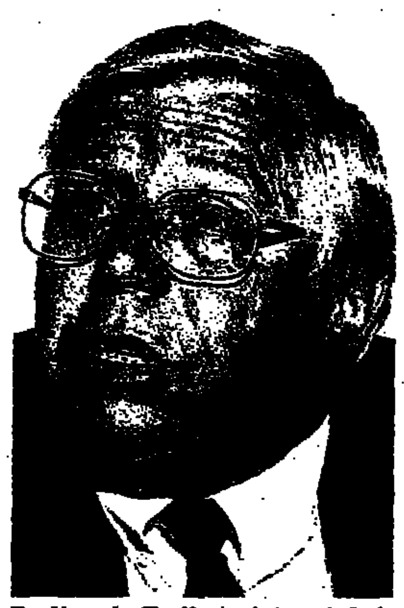
The results also included for the first time Fimagest, France's eighth largest asset management company of which the bank bought 73 per cent in 1995.

Provisions, write-downs and depreciation increased by 9.3 per cent to BFr22bn. The rise was due to a provision of some BFr2bn for further modernisation of branches, including preparations for introducing the euro at the turn of the century, and changes to computer date systems to cope with the millennium.

However, Mr Chaffart said he was still waiting to hear from the Belgian finance ministry whether the government would provide any funds to help banks make the switch to the euro.

Gross income increased 16.5 per cent to BFr132bn, with interest income up by 15.6 per cent and non-interest income up by 18 per cent.

Mr Chaffart said the bank would propose a dividend for 1996 of BFr395, compared with BFr385 in 1995. However Mr Johan Tack, the bank's director, said the dividend looked much healthier when its BFr15bn capital increase in September was taken into account.



Ferdinand Chaffart: interested in resuming merger talks with BBL

Investors welcome Aker RGI performance

By Hugh Carnegy in Stockholm

Shares in Aker RGI, the recently formed Norwegian industrial investment group, jumped almost 5 per cent yesterday as investors reacted to an end-of-year statement showing improving performance in key investments.

Aker RGI's most-traded A share rose NKr8.50 to close at NKr188 in Oslo, continuing a surge which has seen the share's value rise 33 per cent since the beginning of the year.

The group was formed last October through the merger of Aker, which operated in offshore engineering, construction and cement, with RGI, the industrial vehicle of Mr Kjell Inge Rökke, the Norwegian entrepreneur.

Aker RGI's main shareholdings are in Scancem, the dominant Nordic cement producer, Aker Maritime, the offshore engineering company, Norway Seafoods and Constructor Group.

On a pro-forma basis, consolidated pre-tax profits fell from NKr1.3bn in 1995 to NKr969m ($139.8m), chiefly as a result of large one-off gains in 1995. Turnover was up from NKr17bn to NKr20.4bn.

However, more attention was focused on the rising value of core investments and the financial position of Aker RGI. The group was debt-free at the year-end and had an equity-to-assets ratio of almost 44 per cent.

Investors also welcomed the announcement of a dividend of NKr5.00 per share.

Profits rose at Scancem – 33.3 per cent held by Aker RGI – from NKr1.16bn to NKr1.21bn, while Aker Maritime, which is 75 per cent controlled, saw profits climb from NKr177m to NKr301m. Profits at Norway Seafoods – 62 per cent owned – slumped from NKr278m to NKr12m.

Aker RGI said it was negotiating to sell its 50 per cent share in Helly-Hansen, the outdoor-clothes-maker, for NKr400m, NKr275m more than it paid for the stake several years ago.

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IN BRIEF

Microsoft rivals launch initiative

International Business Machines, Sun Microsystems, Oracle and Netscape Communications have launched an initiative to enable their software products for corporate computer networks and the Internet to work together more effectively. Analysts see the move as a renewed effort to increase pressure on Microsoft, the sector's leader.

KPN profits up on expansion
KPN, the Netherlands' privatised posts and telecoms utility, increased net profits 9.1 per cent to Fl 2.46bn ($1.28bn) last year as expansion abroad negated effects of competitors on its home ground. Page 16

Foreigners hired in Swissair shake-up
Swissair, one of the proudest symbols of the Swiss economy, is to hire three non-Swiss executives as part of an overhaul of its management team. By next year half of Swissair's six-man executive team will be non-Swiss. Page 17

Ashton up 58% despite Argyle decline
Profits at Ashton Mining, the Australian diamond miner that owns a 40 per cent stake in the Argyle mine in Western Australia, increased 58 per cent after tax to A$26.1m (US$20.6m) for 1996. This was despite falling sales from Argyle in the second half of the year. Page 18

HK stock exchange head to join HSBC
Mr Paul Chow, former chief executive of the Hong Kong stock exchange, is to join HSBC Asset Management, the fund management arm of HSBC Holdings, as deputy chief executive. Page 18

Japanese fund managers to merge
Three investment management companies linked to Dai-Ichi Kangyo Bank are to merge later this year, forming one of Japan's three largest investment management groups with about Y2,500bn ($20.6bn) under management. Page 19

Zeneca warns of higher capital costs
Zeneca, the UK's third biggest pharmaceuticals company, warned that short-term profits growth would be held back by higher capital spending and the costs of launching new drugs. Page 21

Companies in this issue

Market Statistics http://www.FT.com

Chief price changes yesterday

FRANKFURT (DM)				**PARIS (FFr)**			
Rises				**Rises**			
Altana	1430	+	44	Air Liquide	935	+	11
Holzmann	563	+	33	Simco	562	+	12
PWA	267	+	11	Usinor	567	+	19
Rheinmetall	302	+	10	**Falls**			
Volkswagen	944	+	34	Banc Comp	775	–	14
Falls				Christn Dior	825	–	21
Degussa	734	–	8	Danone	906	–	24
NEW YORK ($)				**TOKYO (Yen)**			
Rises				**Rises**			
Ambac	73¾	+	3⅛	Asahi Bnk	834	+	27
Genrad	15	+	2¼	Dai Nip Phrm	860	+	25
Worldwide Fnd	24	+	2⅞	Hino Motors	768	+	39
Falls				Okuma Corp	980	+	45
Asmee Fin	29¼	–	3⅛	Tokyu	578	+	24
Rightchoice	12¾	–	4⅛	**Falls**			
Wyle Elec	33⅞	–	4⅛	Ajinomoto	940	–	70
LONDON (Pence)				**HONG KONG (HK$)**			
Rises				**Rises**			
Br Borneo	1425	+	67½	Dah Sing Fncl	31.9	+	1.1
Fibernet	184½	+	39½	Midland Rlty	8.65	+	0.75
Shield Dgnstc	655	+	38	OPL Intl	6.35	+	0.35
Falls				Winsor Prop	17.0	+	2.05
Grainger Tst	337½	–	27	**Falls**			
Scotts Hldgs	435	–	135	New Wrld Dev	44.9	–	1.1
VHE	80	–	15	Swire Pcfc	64.25	–	1.25
TORONTO (C$)				**BANGKOK (Baht)**			
Rises				**Rises**			
Geographics	5.7	+	0.75	Hemaraj L&D	64.0	+	7.5
Provigo Rcpts	2.8	+	0.5	Singer	102.0	+	6.5
Veritas Engy	26.25	+	1.25	TCJ Motor	113.0	+	10.0
Falls				**Falls**			
Cerb Utils	15.0	–	0.7	Ayudhya Life	71.0	–	7.0
Major Drilling	13.25	–	0.6	Ranown	78.5	–	8.5
Samuel Man	21.0	–	1.0	TTL Inds	48.75	–	5.25

New York and Toronto prices at 12.30pm.

German giant pre-empts competitors ahead of deregulation

Telekom plans VIP contract

By Ralph Atkins in Hanover

Deutsche Telekom, the telecommunications giant, revealed yesterday it had launched a "VIP" service for high-spending private customers expected to be targeted by new competitors after the German telecoms market is liberalised next year.

The company, which floated last November in Europe's biggest share offering, also confirmed that the dividend this year was expected to double to DM1.2 (71 cents) a share.

Private clients with monthly telephone bills of more than DM500 are being offered a personal contact partner, service and product offers, and speedy reconnection after line interruptions.

The aim is to protect Deutsche Telekom's market share against encroachment by new competitors – including some of Germany's biggest power utilities – once the country's public service telecoms market is opened up next January.

Deutsche Telekom expects about 1.8m private clients out of 35m to be covered by the scheme by the end of this year.

Meanwhile, the group's shares put on 87 pfennigs to DM34.83 after Mr Ron Sommer, chairman, presented an upbeat preview of the 1996 results, including a rise in after-tax profits at the parent group – excluding results from important subsidiaries – from DM1.29bn to DM1.6bn ($939m). Improvements in quality and heavy investment in eastern Germany meant Deutsche Telekom had "substantial growth potential" in its basic telephony business, he said.

Deutsche Telekom confirmed earlier predictions that 1996 operating profits, due to be reported in detail on May 13, would be more than DM6bn, compared with DM10.2bn in 1995. However, last year's profits were hit by the imposition of value added tax. On a comparable basis, profits would have been about DM4bn in 1995. A dividend of 60 pfennigs per share is expected for 1996.

Investment last year reached DM30bn, with Deutsche Telekom's mobile telephone subsidiary alone investing DM1.2bn.

Mr Sommer said DM5.3bn was spent on acquisitions, but the level this year was expected to be "substantially" lower. Year-end net debt of DM82bn is expected to be cut to about DM65bn in 2000.

In a separate development, Deutsche Telekom is expected this week to extend a partnership with Microsoft of the US which covers the development of multimedia products and access to the Internet.

Ron Sommer: gave upbeat preview of 1996 results

Adidas profits up 28% after sales hit record

By Sarah Althaus in Frankfurt

Adidas, the German sportswear group, yesterday underlined its return to fitness from a financial slump in the early 1990s with a 28 per cent rise in net profits from DM245m to DM314m ($185.7m) last year.

Growth was driven by a 34.5 per cent increase in sales from DM3.5bn to a record DM4.7bn.

Mr Robert Louis-Dreyfus, chairman, said he was confident the company would achieve double-digit percentage growth in profits this year, noting that it had started 1997 with strong orders – up 33 per cent from a year earlier – and that business in January and February was well ahead of last year.

The results matched market expectations and the shares edged up 30 pfennigs to DM167.3.

Mr Louis-Dreyfus noted that at the current level, the share price had more than doubled since the company came to the stock market in an initial public offering in 1995.

Pre-tax profits leapt 50 per cent to DM444m, while net earnings per share rose from DM5.40 to DM6.93.

Profits were held back at the net level by a sharp increase in taxes compared with last time.

The improved performance reflected strong sales growth in clothes and running shoes and the first-time consolidation of subsidiaries in Italy and Korea.

Mr Michel Perraudin, a board member, added that the group had benefited from "strong brand exposure at the Atlanta Olympic games and the Euro 1996 [football championship]" and the success of its new product range Feet You Wear.

He said the signing last year of a sponsorship and licensing agreement for the 1998 football World Cup in France – one of the world's most watched sports events – and sponsorship agreements such as those with Kobe Bryant, the US basketball player with the Los Angeles Lakers, underlined Adidas's commitment "to become the world's leading sports brand".

Europe remained the group's core market, with turnover rising 33 per cent to a record DM3.1bn, on the back of sharp gains in the UK, Sweden and Spain.

North American sales rose 34 per cent to DM1.02bn, with growth in clothing and running shoes offsetting weaker-than-expected sales of basketball goods. Growth was strongest in Asia, up 51 per cent at DM464m.

Adidas hit financial difficulties in the early 1990s, largely as a result of a changed strategy and a sale to Mr Bernard Tapie, the controversial French businessman and former politician.

However, since Mr Louis-Dreyfus, a former chief executive of Saatchi and Saatchi, the UK advertising group, joined Adidas in 1993, the company has returned its focus to technological innovations.

It has revamped its product range and adopted a more aggressive marketing strategy to compete with sportswear market leaders Nike and Reebok.

Sponsorship deals such as those with Los Angeles Lakers player Kobe Bryant, above, are helping Adidas fight back Brian Bahr/Allsport

BT investors upset by MCI disclosures

By Nicholas Denton and William Lewis

Several of British Telecommunications's largest shareholders were furious yesterday at receiving important information about the UK telecoms company a month after it was available in the US.

MCI Communications, the second largest long-distance US carrier, disclosed information such as BT executives' latest salaries in a February filing to the US Securities and Exchange Commission on the company's proposed merger with BT.

But many UK shareholders have learnt of these facts only in the last few days as they have begun to receive BT's circular to shareholders on the $20bn deal to create an international telecoms giant called Concert.

"Nobody was deliberately misinformed or not informed," said a BT spokesman. "There is not one hint of irritation from institutions, not a hint." However, several important investors are privately critical.

One large institution, while accepting the US and UK had different standards of disclosure, said: "Quite why we as UK shareholders have got things so much later is beyond me. BT should have told us."

Any difference in the disclosure of information is important because there is an active market in "arbitrage" trading of BT and MCI shares, buying one and selling the other for a profit. Shareholders said that they might have traded differently in BT shares if they had been notified about the MCI disclosures.

On February 10, MCI filed with the SEC a draft containing profit projections for MCI and the new salaries of Sir Iain Vallance and Sir Peter Bonfield, BT's chairman and chief executive. It showed that, if MCI expanded into the US local telecoms market, it expected to show 19.7 per cent annual growth in earnings per share to 2001. MCI also disclosed that a two-thirds majority of Concert's board would be required to terminate Sir Iain's contract.

MCI revealed negotiations between BT and MCI broke down temporarily in October because of a disagreement over price which was resolved in MCI's favour. The approximate value of the bid was $35 per MCI share; BT had valued MCI at no more than $32.

The circular to BT shareholders, giving some of the information in the MCI filing, has been available from the London Stock Exchange since Friday. It is being posted to BT shareholders this week.

Executive shake-up to speed Thomson sell-off

By David Buchan in Paris

The French government yesterday announced a management shake-up at the state-controlled Thomson group to steer the sell-off of its Thomson Multimedia arm and speed up the sale of the Thomson-CSF defence company.

Mr Thierry Breton, the senior managing director at the Bull computer group, will be chairman of Thomson SA, the state holding company, and Multimedia, its fully-owned consumer electronics subsidiary.

Meanwhile, Mr Marcel Roulet, former chairman of the parent, will be responsible for the sale of Thomson-CSF on a full-time basis, taking on the chairmanship exclusively.

The government said it chose Mr Breton to head Multimedia "because of his contribution to the turnaround and privatisation of Bull".

Bull's transformation during the past three years from a loss-making public company into a privately controlled going concern in which NEC of Japan and Motorola of the US hold large minority stakes is seen in Paris as a model for the Multimedia privatisation.

Multimedia last week reported a FFr3.3bn ($578m) loss for 1996, but has been promised a FFr11bn recapitalisation by the state which has yet to be vetted by the European Commission.

The implication of Mr Breton's arrival at Multimedia is that industrial partners will be encouraged progressively to buy out state control of the consumer electronics group.

These partners might include Daewoo of South Korea, which appeared last autumn poised to take Multimedia off the hands of the Lagardère group until the joint Lagardère-Daewoo bid for Thomson was overturned by the official privatisation commission.

That reversal prompted the government to split the sale and auction the profitable Thomson-CSF before Multimedia. But the government has insisted it remains open to Daewoo Electronics, whose head is due to give a joint press conference today with Mr Franck Borotra, the industry minister, on a new plant opening in France

Food maker in sokaiya probe

By Jonathan Annells in Tokyo

Two executives of Ajinomoto, Japan's largest seasoning and processed foods manufacturer, were arrested yesterday for allegedly paying at least Y6m ($49,500) to sokaiya gangsters.

The arrests come less than a week after Nomura Securities announced that two of its most senior executives had made "apparently irregular" payments to a property company run by the brother of a known sokaiya.

Sokaiya specialise in extorting money from companies by threatening to disrupt shareholder meetings.

Mr Shunsuke Inamori, Ajinomoto president, confirmed that Tokyo police had arrested Mr Yukio Noguchi, a director and head of the general affairs department, and Mr Takao Ishigami, acting head of department. The two are suspected of paying Y6m to ensure that a shareholder meeting in June 1996 proceeded smoothly.

Mr Inamori said that more senior executives were not involved.

Mr Tsuyoshi Shimizu, Ajinomoto managing director, said the company was first alerted to the scandal by news reports and that an in-house investigation was being launched.

The scope of the police investigation is expected to be extended to other executives in the company.

Police sources alleged that tens of millions of yen were paid annually into Mr Ishigami's bank account to enable him to pay off the Tokyo-based sokaiya. Disruption by sokaiya had extended the 1995 meeting to about 80 minutes compared with the usual brisk 20 to 30-minute affairs.

Last year, Ajinomoto, which has diversified into pharmaceuticals, pleaded guilty in the US to conspiring to fix world prices for Lysine, an amino acid used to stimulate muscle growth in pigs and poultry.

"Any big company would be vulnerable [to sokaiya extortion], but Ajinomoto was easily targetable because it was involved in questionable dealings, and that the mob hit them in a weak spot doesn't surprise me at all," said Ms Patricia Horvath, analyst for UBS Securities.

Ajinomoto joins a long list of names sullied by their exposed dealings with sokaiya. Last year, four executives of Takashimaya, the Japanese department store, pleaded guilty to paying a gangster Y160m for not disrupting shareholder meetings in 1994 and 1995. The president of Ito Yokado, Japan's second-largest supermarket chain, resigned in 1992 after two executives were charged with paying Y27m to gangsters.

Ashton up 58% despite decline at Argyle

By Nikki Tait in Sydney

Profits at Ashton Mining, the Australian diamond miner that owns a 40 per cent stake in the Argyle mine in Western Australia, increased 58 per cent after tax to A$26.1m (US$20.6m) for 1996, helped by a lower tax charge and an absence of abnormal items.

But the company also revealed that sales from Argyle, which is owned jointly with the UK's RTZ-CRA group, fell significantly in the second half of the year after the mine decided to withdraw from the Central Selling Organisation, the diamond marketing cartel run by De Beers.

Ashton said sales from Argyle, the world's biggest producer of rough diamonds in volume terms, slipped to US$129.6m in the second half, compared with US$220.6m in the first six months.

The mine allowed its contract with the CSO to expire in June, and since then has handled the marketing of all its rough diamond sales directly from offices in Antwerp. Before the expiration of the CSO contract, only about 22 per cent of its output had been sold in this way.

Ashton said the reduction in sales reflected the change, which involved a move to new offices and the recruitment of additional staff. It called the sales result "commendable", given the extent of the changes.

Despite the increase in after-tax profits, Ashton's pre-interest operating profits fell from A$42m in 1995 to A$28.3m, with total revenues slipping from A$204.2m to A$197m.

The decline was blamed on the strengthening of the Australian currency against the US dollar, increased depreciation and amortisation charges, and the costs of research into underground mining at Argyle.

The company expected production from Argyle to be about 36m-37m carats this year, down from 42m in 1996, as improved screening reduces the amount of very small diamonds produced.

It said demand from the US jewellery market was "positive", but conceded that Japan remained "subdued" and that Hong Kong had suffered a slowdown. By contrast, China and other Asian markets "continue to show strong growth".

Ashton shares eased 4 cents to A$1.98.

HK banks keen to keep the party going

After a healthy results season, they are examining ways to maintain momentum after the handover

According to the gloomiest scenarios painted in the 1980s, Hong Kong banks should be struggling to turn a profit funnelling clients' funds overseas ahead of July's return to Chinese sovereignty. Instead, the double-digit profit increases unveiled during the current results season underline that the territory remains one of the world's most lucrative markets.

However, for local banks and their international counterparts, they also raise questions: when will the party end and what can be done to sustain it? Despite warnings from bank executives of increasing competition, present performance suggests momentum can be maintained.

Bank of East Asia opened the current results season with a 15 per cent rise in 1996 net profits, to HK$1.88bn (US$243m). The importance of the territory to international banks was emphasised by results from HSBC Holdings, which generated £1.78bn ($2.85bn), or 39 per cent of total pre-tax profits, in Hong Kong. In the past week, Wing Hang Bank and Dah Sing Financial Holdings have both reported profit increases of more than 20 per cent.

There have been a few black marks, including lower than expected profits from Hang Seng Bank, the subsidiary of Hongkong Bank, because of a sharp increase in provisions. However, Mr Alexander Au, chief executive, said this reflected a "very conservative" policy and that asset quality remained high.

What are the forces driving growth? Mr Tony Larkin, banking analyst at Jardine Fleming, points to increased loan volumes on the back of a strengthening economy and improved net interest margins. While competition for mortgage business reduced rates last year, the spread between prime and interbank rates hovered just above a healthy 300 basis points, higher than in 1995.

Mr David Li, chief executive of the Bank of East Asia, predicted further improvement in 1997. "The Hong Kong economy should stimulate stronger credit demand, especially in retail, property and construction financing," he said.

Behind cyclical factors lie structural shifts. Mr Andrew Brown, head of regional financial institutions research at Salomon Brothers, sees the banks' high liquidity and a shift in their asset mix as powerful sources of earnings growth.

But, as bankers know, there are risks to every position. In the case of Hong Kong, these range from a sharp rise in US interest rates – which would hit the territory's economy through the currency's peg to the US dollar – to a downturn in the property market. There is also the China question: will the transfer of sovereignty lead to financial upheaval or simply tilt the business playing field?

Most bankers are sanguine. They play down the prospect of significant shifts in monetary policy across the Pacific, although they suggest steps might be needed at home to curb property prices.

As for the transition, "arrangements ... are progressing smoothly and market indicators show confidence," says Mr Patrick Gillam, chairman of Standard Chartered. "Nobody is seriously questioning whether China will turn its back on economic reform," a senior HSBC executive adds.

HSBC, however, might have to contend with another consideration. As China-backed companies have taken stakes in strategic industrial sectors, such as aviation and power, analysts believe the UK-based bank, the territory's most powerful financial institution, might have to make accommodations.

Speculation includes the sale of a stake in Hang Seng Bank or spinning off Hongkong Bank. "I am sure we will see some kind of restructuring", says Mr Larkin, at Jardine Fleming. "But it is unclear what that might be."

HSBC dismisses speculation. Sir William Purves, chairman, said last week there were no plans to float Hongkong Bank or reduce its holding in Hang Seng Bank. He pointed to the group's close ties with China, reflected in the recent award of a licence for foreign currency business.

On the Chinese side, pressures for restructuring are reduced by the fact that mainland institutions are already entrenched: "The Bank of China and its sister companies are up there with Hongkong Bank in the fight for deposits," one analyst says.

The expansion of the Chinese banks alongside other international institutions means, of course, that the market will become more competitive. But apart from the potential to raise yields, the local banks have ways to respond. They, too, are expanding geographically as China develops its market and, more immediately, as regional financial deregulation edges forward.

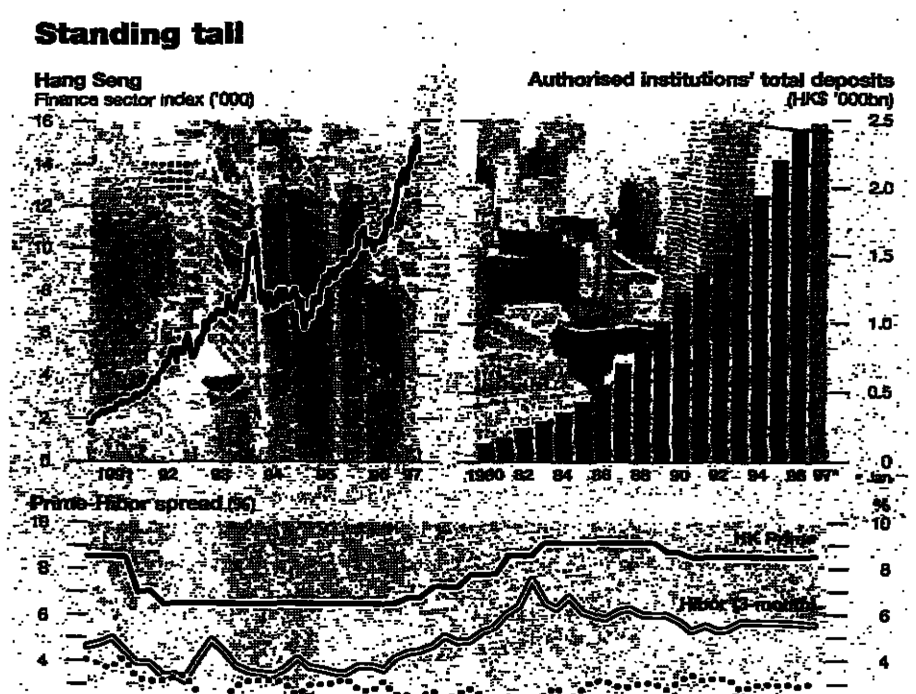
There remains much to be done on efficiency. Banks have taken steps towards cutting costs, but there is still scope to reduce cost-to-income ratios.

"These ratios don't look too bad," Mr Larkin says. "But that is partly because incomes have been rising dramatically."

As he puts it, Hong Kong banks do not appear fat, because they have grown tall. As they announce their results, they are standing taller still.

John Ridding

Standing tall



Sources: Datastream, Jardine Fleming Research, HKMA

ASIA-PACIFIC NEWS DIGEST

Nan Ya Plastics profits fall 5%

Nan Ya Plastics, the Taiwanese petrochemical and electronics company, reported a 5.1 per cent fall in pre-tax profits in 1996 to T$8.4bn (US$305m), because of weakness in plastics and memory chip prices. Turnover in 1996 fell from T$91.5bn the year before to T$88.9bn. Analysts said the result was in line with expectations. Nan Ya Plastics is Taiwan's biggest private industrial concern and a member of the Formosa Plastics group. The board proposed a dividend of T$2.20 a share, comprising T$1.10 a share in cash and T$1.10 in stock. The company set a 1997 pre-tax profit target of T$9.05bn, up 7.7 per cent from 1996, and a 1997 sales target of T$94.92bn.

The company plans to invest T$5.17bn in expanding yarn production, which will add T$4.81bn in annual sales when construction is finished in December 1999. The proposals will be presented to shareholders for approval at a meeting on May 20. Nan Ya's expansion may spark consolidation in the industry, with weaker producers pulling out.

Nan Ya's core business – polyester fibres, plastics processing, printed circuit boards and copper-clad laminates – is expected to improve this year. But earnings will be held back by continued low prices in the semiconductor industry. The company holds a 60 per cent stake in Nan Ya Technology, a maker of dynamic random access memory (D-Ram) chips.

Nan Ya plans to issue T$6bn in corporate bonds to raise long-term funds for operations. The term will be less than seven years and the coupon rate below 7 per cent. No issue date was given.

Laura Tyson, Taipei

Rolls-Royce venture lifts Haeco

Hong Kong Aircraft Engineering Company (Haeco), the aircraft overhaul and maintenance arm of the UK-controlled Swire Pacific group, arrested two years of declining profitability by reporting a 49.3 per cent rise in annual net profits to HK$494.5m (US$63.9m) in 1996. However, the growth came purely from a one-off payment of HK$155m from Rolls-Royce, of the UK, following the formation of Hong Kong Aero Engine Services, a joint venture. Stripping out the exceptional items both last year and in 1995, profits dipped 2.5 per cent.

Mr David Turnbull, chairman, said competition in the industry remained strong. He was cautious about prospects, as airlines continued to face revenue yield deterioration and rising costs, constraints which affected aviation service providers. Earnings per share rose 49 per cent to HK$2.67. Excluding the exceptional item, they dipped 2.6 per cent to HK$1.83. The final dividend is held at 54 cents.

Louise Lucas, Hong Kong

Ayala to unite share classes

Ayala Land, the property arm of Ayala Corporation, the diversified Philippine conglomerate, is to declassify its A and B shares and seek a new single listing. At present foreigners can trade only in the B shares, which tend to carry a premium over A shares, which are less liquid. Ayala B shares closed unchanged yesterday at 30.5 pesos.

Analysts said the move was unlikely to result in dilution because no new shares were being offered. It was also unlikely to create excess liquidity because the Ayala group controls 80 per cent of the 5.8bn shares.

Mr Perfecto Yasay, chairman of the Securities and Exchange Commission, said last week he was set to approve a number of derivatives which aim to get around the restriction on foreigners buying A shares.

Justin Marozzi, Manila

Exchange head to join HSBC

By Louise Lucas in Hong Kong

Mr Paul Chow, former chief executive of the Hong Kong Stock Exchange, is to join HSBC Asset Management, the fund management arm of HSBC Holdings, as deputy chief executive.

He will focus on strategic development in Hong Kong, China, Taiwan and Korea, and will also play a pivotal role in helping the group prepare for the territory's launch of a mandatory provident fund (MPF), under which workers will pay 5 per cent of their salaries to a pension scheme, matched by an employer's contribution.

Mr Robert Duggins, chief executive, Asia-Pacific, at HSBC Asset Management, said Mr Chow would replace him on the HSBC group's steering committee looking at product development in preparation for the MPF, and would advise on regulatory issues such as the impact of the scheme on capital markets.

The planned MPF has suffered setbacks. But the Hong Kong government is hoping to complete legislation on the scheme later this year.

The introduction of the MPF is eagerly awaited by the fund management industry, which will benefit from additional annual funds of about HK$30bn-HK$40bn (US$3.9bn-$5.2bn), according to government estimates.

HSBC Asset Management is also looking at building its presence in markets such as China, Taiwan and Korea which are beginning to deregulate.

In China, for example, industry-specific guidelines on opening representative offices were issued for the first time last June. As a result, HSBC Asset Management is looking to open an office in Shanghai.

Mr Chow's experience and stature is seen as beneficial for HSBC Asset Management at a time when the industry is facing greater opportunities but also increased competition.

He announced his intention to quit the stock exchange last July, and it is understood that other leading fund management houses were competing for his services.

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Digital dilemma for German TV groups

A compromise solution needs to be reached if substantial investment is to generate returns

On paper, a deal to end the wrangles besetting the development of digital pay-TV in Germany looks easy. Three key players – DF-1, Premiere, and Deutsche Telekom – all hold valuable cards, but not enough to work alone.

Premiere, the analogue subscription channel owned by CLT-Ufa, Canal Plus and Kirch, has more than 1.4m subscribers and attractive sports programming rights, but few movie rights in the medium term.

These are held by DF-1, the digital service owned by Kirch Group – but this has less than 30,000 subscribers.

Deutsche Telekom, the partially-privatised telecoms company, has neither programming rights nor subscribers, but it owns most of the cable distribution network, which is in the process of being digitalised.

Combining the three in some way would seem a logical way to put an end to months of sparring and start generating some returns on substantial investments. The companies have been in constant talks, but have so far failed to reach a compromise.

The problem, according to Mr Bernd Kundrun, managing director of Premiere, is that "all players feel they are in a position to control the change and install themselves in the gate-keeper role. I think no-one is in that position".

But last week's announcement by BSkyB, the UK satellite broadcaster, that it would not take a 49 per cent stake in DF-1 may have given an impetus to the negotiations. BSkyB was a potential bonus to Kirch, as it could have shared DF-1's start-up costs, estimated at DM2.6bn ($1.5bn).

The departure of BSkyB has put added pressure on DF-1. With the numbers of paying subscribers trailing way behind its forecasts, Kirch is shouldering considerable costs. In a recent report, Credit Suisse First Boston estimated that DF-1 was costing Kirch DM1m a day.

DF-1's trump cards of output deals with four big Hollywood studios – Disney, Warner, Paramount and Universal – cannot be played in one hand, as those deals are not yet exclusive. CSFB estimates that some 30 per cent of US movies would be exclusive to DF-1 in 1998, rising to 70 per cent in 1999 and 80 per cent thereafter.

By then DF-1 would be in a powerful position, but few believe Kirch would be prepared to bear the costs of waiting until 1999, especially as the deals struck with Hollywood are believed to carry guarantees for subscriber numbers. If these are not met, then DF-1 must pay out the difference.

But while Kirch has lost a partner to share the burden of its commitments, BSkyB was an obstacle to a deal between DF-1 and Premiere. The German cartel office had said it would recommend blocking, on competition grounds, of a deal which brought CLT-Ufa, Kirch, Canal Plus and BSkyB together.

Speculation that a solution could be found with Canal Plus, which is apparently willing to leave the German market, has yet to translate into anything tangible. Having shouldered the start-up losses at Premiere, it seems unlikely that the French group would be prepared to leave quietly just as the network is forecast to make profits.

With BSkyB now gone, the way to a deal is now clearer. "It's in no-one's interests to see business disappear," says Mr Robert Montgomery, of Kagan World Media. But when this might happen is unsure.

Mr Kundrun last week said he doubted any deal would be reached in the next two months, but other industry observers think it could be sooner than that.

One important stumbling block is the billing and subscriber management operations, which both Premiere and DF-1 are unwilling to surrender. Mr Kundrun says pay-TV companies are always sensitive about these activities, as the value of their operations are measured in terms of subscriber numbers.

Telekom, however, is keen to expand on its existing experience of billing and managing cable-TV subscriptions.

In January Mr Ron Sommer, Telekom chairman, said his company was not interested in simply being the provider of the highway on which networks such as Premiere and DF-1 could drive into half of Germany's 33m households.

Premiere and DF-1 also fear that Telekom may actually deliver on hints made in the past that it will also market a decoder.

Unlike the sophisticated d-box used by DF-1 and Premiere's Mediabox – which are capable of performing a variety of multimedia functions such as telephony, e-mail and Internet access – analysts believe Telekom will market a simple, cheap "dumb box" dedicated solely to delivering digital TV.

This could undercut the plans of DF-1 and Premiere to stick to their respective decoder boxes.

Mr Kundrun says that for digital pay-TV to succeed, it will have to succeed in the mass market. But, he says, a decoder costing around DM800, as DF-1's d-box does, is too expensive.

Renting or leasing decoders – an option DF-1 is believed to be considering – would seem to be the logical step. But even then it could cost twice as much as existing rental schemes for analogue decoders.

Frederick Stüdemann

Deutsche Telekom expects to reach an agreement with a digital television content provider before the end of this year, chairman Mr Ron Sommer (right) said yesterday, AFX News reports from Hanover.

Mr Sommer said: "I think we'll be able to finish negotiations with content providers in a few months, by Christmas at the latest." He confirmed that Deutsche Telekom was in talks with Kirch Group, among other content providers, about using its digital channel capacity. "There's something in common between Kirch and us, namely, we both have invested a lot in digitalisation of television broadcasting – [Kirch] into the content side and we the service." Mr Sommer was speaking after Deutsche Telekom announced its 1996 results.

Mr Sommer pointed out that of the 16.7m cable connections installed by Deutsche Telekom in Germany, it serviced only 6m, with the rest maintained by 6,000 companies of varying sizes. "We're competing against these as well as against 9m satellite and 11m land TV connections maintained by other companies," Mr Sommer said.

He stressed, however, that Deutsche Telekom had "no plans whatsoever" to become a content provider.

Mr Sommer declined to comment on reports that Deutsche Telekom and Bertelsmann were planning a joint venture in online and multimedia services, saying only that an announcement of further co-operation between the two companies would be made by Friday.

EUROPEAN NEWS DIGEST

Bank Leumi in deal with Generali

Bank Leumi, Israel's second largest bank, yesterday said it had finalised a deal which paved the way for Generali, the Italian insurance group, to purchase a controlling stake in Leumi Insurance Holdings-Migdal, a leading Israeli insurance group.

The move follows attempts by Israeli MPs to block the takeover until Generali agreed to open its files of insurance policies belonging to Jews killed in the Holocaust, and commit itself to compensating the families. Last week Generali said it would allow access by an independent organisation to its warehouse in Trieste which houses these policies, but it denied legal liability to families of policyholders.

According to the bank, Generali will place a bid "within days" to purchase 42 per cent of the 73 per cent of LIH shares owned by the bank and other shareholders. Generali currently holds a 27 per cent stake in the company. LIH is valued at about $1bn for the deal.

Avi Machlis, Jerusalem

Bezeq approves payout

Bezeq, Israel's state-owned telecoms network, yesterday approved an interim dividend of Shk120m ($35.72m), or 40 per cent of its net profits for the first six months of 1996. More than Shk91m will be paid to the government, which holds a 76 per cent stake in the company. The move paves the way for the imminent release of Bezeq's 1996 results. They had been delayed by a disagreement between Bezeq and the government over the size of a bonus to employees.

Cable & Wireless, the UK telecoms group which holds 10 per cent of Bezeq, will receive Shk11.84m, with the remainder distributed among the other shareholders. Bezeq is obliged to pay an annual dividend amounting to 55 per cent of net profits.

Judy Dempsey, Jerusalem

KME advances 19%

Restructuring has helped KME, the world's largest copper processing company, lift 1996 net profits by 19 per cent to DM119m ($69.86m) in spite of a slip in turnover from DM3.9bn to DM3.8bn. Mr Norbert Brodersen, board spokesman, said yesterday cost-cutting across European operations had offset weak markets.

Mark Mulligan

Goldman Sachs 'top adviser'

By John Gapper, Banking Editor

Goldman Sachs, the US investment bank, was top adviser to European companies on acquisitions in the US last year, according to a survey by Acquisitions Monthly magazine.

The survey found that European purchases of US companies doubled in value from $33bn in 1995 to $67.5bn last year, although the number of deals stayed stable at 337 against 356 in 1995.

UK companies, which have traditionally been leading acquirers of US companies, tended to choose UK-owned advisers such as NatWest Markets and Schroders, although Goldman Sachs was also top adviser to UK companies.

Continental European companies preferred US advisers. Apart from Goldman Sachs, other US investment banks, such as Morgan Stanley and Salomon Brothers, gained strong positions in advising continental European companies. Credit Suisse First Boston, the Swiss firm, also did well.

The tables did not include the $20bn acquisition of MCI Communications by British Telecommunications, on which BT was advised by N.M. Rothschild and Morgan Stanley. This would have placed the BT advisers at the top of the tables.

UK companies continued to account for more than half of acquisitions by European companies. UK companies bought 148 US companies, worth $38.9bn, compared with $9.9bn spent by German companies.

Because the tables include few deals for each adviser, with Goldman Sachs acting on just nine deals, the rankings are volatile. However, they show the strides made by US banks in penetrating continental Europe.

They also disclose a relatively weak performance by French and German advisers. Lazard, the partly French-owned firm, and Dresdner Kleinwort Benson, the German-owned bank, achieved a top 15 showing.

The biggest deals of the year included Fresenius of Germany buying National Medical Care, and Munich Re of Germany buying America Re.

US chief executive for Swissair

By William Hall in Zurich

Swissair, one of the proudest symbols of the Swiss economy, has hired an American chief executive.

Mr Jeffrey Katz, 41, a senior executive with American Airlines, is joining Swissair as chief operating officer and will take over as chief executive from the start of next year.

Mr Katz, who has worked for American Airlines for 17 years, is one of three new non-Swiss executives to be hired as part of an overhaul of Swissair's senior management team.

Mr Ray Lyons joins from British Airways as vice-president, network management, and Mr Lee Shave, 39, another British Airways executive, as vice-president of sales and customer relations. By next year, half of Swissair's six-man executive team will be non-Swiss.

The appointments are a clear sign that Mr Philippe Bruggiser, 48, who took over at the start of the year as chief executive of SAir-Group, Swissair's parent, is determined to sort out the problems of the airline.

KKR venture plans to reduce debt

By Richard Waters in New York

K-III Communications, the first of a generation of so-called "leveraged build-up" companies in the US, yesterday disclosed plans to slim down its operations to cut its $2bn of debt.

The company was created in 1989 by Kohlberg Kravis Roberts as a vehicle for assembling a stable of magazines and other publishing interests.

The New York buy-out firm hired a team of managers from Macmillan to run the venture.

The example has since been followed by other buy-out firms, and has become a model for building a new business through piecemeal acquisitions.

Yesterday's move appeared to reflect an attempt to bring back momentum to the company's stock price.

The shares have sagged and rebounded since KKR sold a stake in the company through a public offering in 1995, leaving them little changed since their debut.

The company said it planned to issue more shares and sell some of its non-core businesses. Overall, this was meant to reduce the company's $2bn of debt and preferred stock by between one-fifth and one-quarter, indicated Mr William Reilly, chairman.

K-III has lined up four businesses for sale which together accounted for 19 per cent of its $1.28bn of revenues last year and around 10 per cent of its profits.

The disposals include New Woman Magazine and Daily Racing Form, both of which were bought from Mr Rupert Murdoch in 1992 when News Corp was struggling to fend off a financial crisis.

K-III also revealed plans to sell 12.5m shares, which at yesterday's share price would raise about $150m. Its shares fell $⅝ after the news, to trade at $12¼. That compares with an issue price of $12 a share when the company was floated in late 1995.

Despite the disposals and debt-reduction, Mr Reilly said the company planned to continue to grow rapidly and make acquisitions.

K-III said the sales would leave it with a group of more specialised interests, and take it out of areas where it does not have a large market share.

However, along with educational and trade publications and a group of directories, it would still have a presence in consumer magazine publishing through titles such as Seventeen, Soap Opera Digest and Truckin'.

Abril places its soul in family hands

Ask a Brazilian investment banker to name the large family groups which will be forced to go public and one company will top most lists – Grupo Abril, Brazil's largest magazine publisher which is now expanding into pay television.

"Not while I'm around," is the response of Mr Robert Civita, Abril's 60-year-old owner and chairman. Yet although Italian-born Mr Civita may sound emphatic, he is acutely aware of the pressures facing his group and the difficulty of maintaining Abril in family hands.

Mr Civita's dilemma is that his company is in an industry which offers huge growth potential, but which will require substantial investment over the next decade to keep up with the competition.

Brazil boasts one of the most exciting markets for pay-TV. On average Brazilians watch one hour more of television a day than Americans. Stabilisation of the economy has given millions the ability to buy a television for the first time.

Yet so far the penetration rate for pay-TV in Brazil is a meagre 5 per cent compared with 55 per cent in neighbouring Argentina, according to Mr Moysés Pluciennik, chief executive of NET Brasil, one of Brazil's largest cable-TV companies.

Abril is in pole position to take advantage of this potential boom. Its television subsidiary, TVA, has 30-40 per cent of the fast-growing cable-TV market, with around 1.3m subscribers. And last May TVA launched DirecTV, Brazil's first direct-to-home satellite-TV service.

In both markets its main competitor is Globo, the other family group that dominates Brazilian media. Globo is part of a News Corporation-led consortium for satellite-TV in Latin America. It also owns NET Brasil, which recently announced a $150m investment in digital set-top boxes, adding 250 channels to its cable service.

Abril has already had to seek outside resources to help finance its expansion into television. Chase Manhattan bank and Walt Disney, the US entertainment group, are minority shareholders of TVA, and in satellite-TV Abril is part of the Galaxy Latin America consortium, led by Hughes Electronics. (Abril has a 10 per cent stake in GLA but owns 75 per cent of the Brazilian operating subsidiary.)

At present Abril's stake in TVA is 56 per cent. Mr Civita says he would be very reluctant to let that drop below 50 per cent and says that TVA's investment programme – $200m in 1997 – can be largely financed from bond issues. "The existing shareholders shouldn't have to put in additional capital for the time-being," he says.

However, if TVA does need a capital injection, Abril's ability to participate will largely depend on the cash generated by the business that Mr Civita's father, Victor, founded in 1950 – publishing magazines.

Nine out of the 10 top-selling magazines in Brazil are Abril publications. These include Veja, the fourth-best selling news weekly in the world, Caras, the country's Hello!, and the Brazilian edition of Playboy. The business is currently booming, with sales in 1996 of 199m copies, double the figure for 1993. Total group revenues reached $1.5bn last year.

Part of Mr Civita's reluctance to consider flotation stems from the restrictions this would place on the way he runs the company. He claims to relish the freedom to start up magazines which might not make money for a number of years. "I hate quarterly earnings," he says. "It's a ridiculous system and I just don't think that I want to put up with it."

Robert Civita: 'We are trying to provide things Brazil needs'

Mr Civita also fears the effect of going public on the editorial independence of the company's magazines. "We are not just here to make money. We are also trying to provide things that Brazil needs," he says.

But Mr Civita has the record to back up his fine words. It was a series of articles published in Veja in 1991 about corruption in the government of President Fernando Collor that eventually led to his impeachment.

Mr Collor's election campaign in 1989 had been considerably boosted by favourable coverage on the Globo television network, but it was Abril, taking a huge business risk, that brought him down.

Mr Civita is highly realistic, though, about the family's ability to keep control of the company. Although two of his three children now work for Abril, he says they have never been groomed as potential successors.

And he is not blind to the benefits of flotation. As well as the ability to raise capital, he notes that it would give his heirs some flexibility over what they do with their inheritance and it would help encourage employees.

Moreover, earlier this month he set up a five-strong advisory board, which some observers see as the precursor for the board of a public company. His children will attend meetings, but will not vote. "My hope is to keep the soul of the company in family hands," he says.

Geoff Dyer

This is the sixth in a series on Latin American family-run companies. Previous articles appeared on January 17, January 27, February 13, February 18 and February 28.

Creditors in Sidek liquidation talks

By Leslie Crawford in Mexico City

Creditors of Grupo Sidek, the Mexican tourism and real estate group which defaulted on $2.2bn of debt in 1995, have begun discussions to achieve the orderly liquidation of the company, investment bankers close to the negotiations said yesterday.

Sidek's creditors, which include 17 Mexican commercial banks, a handful of foreign banks and about 200 holders of unsecured debt, are trying to reach an agreement which would avoid Mexico's complicated bankruptcy proceedings.

There is little time to spare. Following Sidek's reported 2.43bn peso ($305m) loss in 1996, the group's liabilities became greater than its assets, and under Mexican law, any creditor is now entitled to initiate bankruptcy proceedings against the group.

"Any frustrated creditor could bring the company down," said one investment banker who is trying to broker a consensual accord between Sidek and its creditors. "The problem is that Sidek has hundreds of subsidiaries, and Mexican corporate law requires separate bankruptcy filings for each subsidiary. Mexican law cannot deal with consolidated bankruptcy proceedings, so Sidek's assets could be tied up in court for up to 10 years in hundreds of individual lawsuits.

"The trick is to get all creditors to agree among themselves on a share-out formula that would minimise their losses by liquidating Sidek's assets in an orderly fashion."

Sidek became the first Mexican company to default in the wake of Mexico's abrupt devaluation of the peso in December 1994. It stopped servicing its $2.2bn debt, including $700m held by foreigners, in February 1995.

Before the devaluation, the company had become heavily indebted in dollars to finance hotel and property developments. A severe recession and collapse in property prices, however, made most of Sidek's investments unprofitable. In addition, Sidek uncovered several "irregularities" by the group's former management which led to a $400m charge against earnings in 1996.

A restructuring plan proposed last year, which would have sold about $1bn of Sidek's assets to repay creditors, leaving a much smaller company out of the holding company Sidek and its property developer Situr, was rejected by foreign creditors, who believed Mexican banks were being given preferential treatment.

CANTV hit by row over rate rise

By Raymond Colitt in Caracas

Only weeks after CANTV announced record profits for last year, the Venezuelan telecoms company has been caught up in a row over future rate increases, pushing down its share price and raising investor concerns about the government's respect for contractual agreements.

The government withdrew its initial approval for CANTV to increase its rates by 4.18 per cent from April 1 and requested more cost information from the company. "No rate increases are planned for the next quarter until CANTV sits down with the [ministry] in a serious and responsible fashion," Mr Moises Orozco, transport and communications minister, said last week.

CANTV shares, which stood at 2,020 bolivars on Friday, were trading at 1,925 bolivars early yesterday. "The debate over the rate increase took everyone by surprise and has caused nervousness among CANTV shareholders," said Mr Ricardo Sucre, a trader with the local brokerage Merinvest. Mr Sucre added that threats of a strike by CANTV employees over wage increases, scheduled to begin today, have further depressed the share price.

CANTV called on the government to respect a concession contract signed in 1991, when a consortium led by GTE, of the US, acquired a 40 per cent stake in CANTV from the government. The contract provides for periodic rate increases linked to the country's wholesale price index.

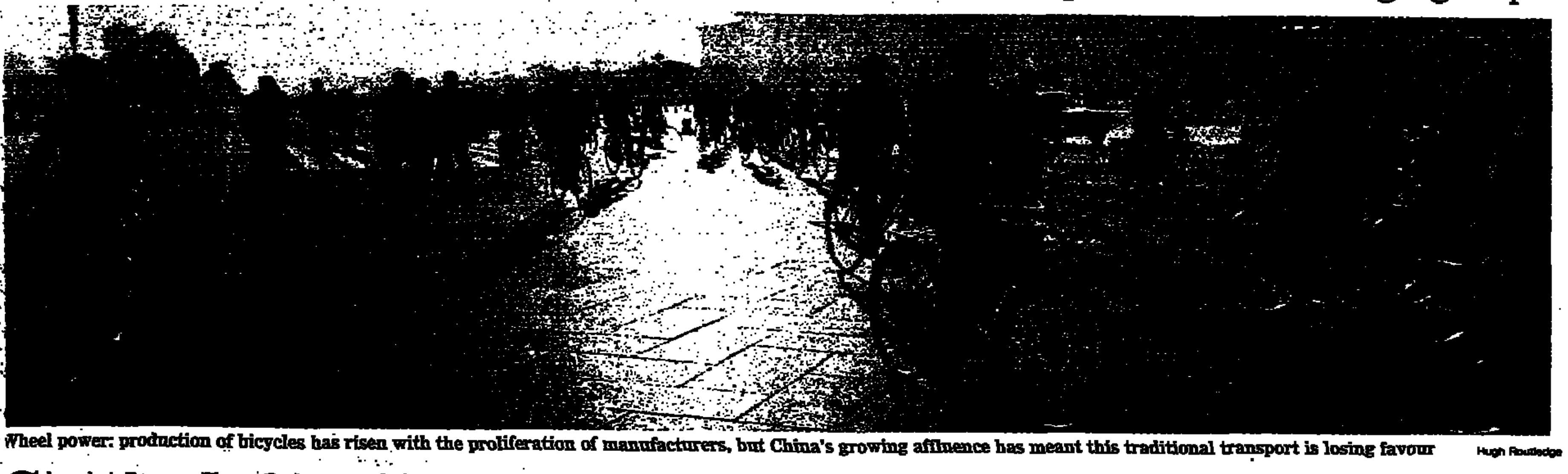
CANTV said it recognised the government's right to request cost information but "such information is not and has never been part of the tariff adjustment mechanism," said Mr Alvaro Benavides, vice-president for public affairs. He added that "the cost information we provide will only demonstrate the existence of subsidies to local service".

The government agreed last September to a rate rebalancing intended to eliminate cross-subsidies from long-distance to local calling. Currently, the monthly basic rate is between $3.28 and $8.48 for residential service and $18 for commercial service.

The agreement came before CANTV placed some $1bn in shares on domestic and international markets as part of an initial public offering last November. "If this tariff increase is not approved investors would feel cheated. It would send an extremely worrisome signal," said Mr José Corral, chief analyst with Santander Investment in Caracas.

Profit cycle turns down at Chinese groups

The country's bicycle makers face a declining market and competition from foreign groups



Wheel power: production of bicycles has risen with the proliferation of manufacturers, but China's growing affluence has meant this traditional transport is losing favour Hugh Routledge

Shanghai Forever Bicycle is the best known name in the largest bicycle market in the world. The company has built nearly 100m bicycles since the Communists took over China in 1949, an output which has earned it the accolade of being one of the "10 top trademarks in China".

However, this year it will make only a fraction of its profits – if there are any – from producing bicycles. China's bicycle market is in long-term decline and heavily oversupplied, and the country's most famous bicycle manufacturer is showing the strain.

Forever Bicycle is expected to announce another year of losses for 1996, despite a forecast rise in sales to approximately Yn994m (US$121.2m) from Yn872m in 1995, when it reported pre-tax losses of Yn18.8m. The company is listed on the Shanghai Stock Exchange and the forecasts are for the accounts audited to international standards, rather than the figures given under Chinese accounting rules.

Shanghai Phoenix, China's largest producer of bicycles, has been showing similar problems. Profits have been falling steadily, from Yn134.7m in 1993 to Yn31.1m in 1995.

The company insists it will continue to show some profits when it reports full-year results for 1996, but declines to give figures.

Mr Tao Guoqiang, president of Forever Bicycle, explains that the main problem has been oversupply: "In the last five years, the production capacity in China has developed much too quickly.

"In 1995, there were about 95 bicycle manufacturers. Today there are more than 600."

China's annual bicycle production capacity is 60m-70m units, with actual production of 40m units and domestic demand of 30m units, according to government figures.

The strongest challenge to Forever and Phoenix has come from foreign joint ventures, particularly those involving Taiwanese manufacturers.

China Giant, a Sino-Taiwan joint venture, opened in Kunshan near Shanghai in 1994 and now has annual production of more than 750,000 bicycles.

Thanks in part to an aggressive advertising campaign, Giant has already built a strong reputation among young people in China as a manufacturer of high-quality cycles, particularly mountain bikes.

"Taiwan has been the biggest competitor to the Chinese industry, because their bicycle technology is comparatively advanced and because they have good connections in China," Mr Tao says.

He says 75 per cent of Forever's 1997 revenue is likely to come from sales of its traditional bicycles, but more than 70 per cent of its profits will come from the company's growing other interests – property, mopeds, electric-powered bicycles and exercise machines.

The shifting emphasis reflects the decline in Chinese demand for bicycles. Analysts calculate that consumption has been falling by about 10 per cent a year over the past three years, as other forms of transport such as buses, trains and subways have become more efficient and as China's affluent urban classes have become more inclined to take a taxi than expend the physical effort of riding a bike.

The obvious avenue for Phoenix and Forever to go down was mopeds, for reasons best summed up in the Chinese press by Mr Xu Peixing, Shanghai's traffic police chief: "Owning a car is still a dream, taking a taxi is too expensive, motorcycles are too dangerous, cycling takes too much energy and buses take too long."

However, the moped boom was short-lived as pollution problems and accidents prompted Shanghai to ban new moped licenses last year, following complete bans on the use of mopeds in towns such as Nanjing.

Forever Bicycle is hoping to get round the pollution problem with production of an electric-powered bicycle, of which it aims to sell 000 this year.

If initial sales prove successful, Forever plans to raise further funds on the markets for international investors to invest in expanding production to 100,000 electric bicycles a year.

The other way of bolstering sales has been to look to exports.

As access is restricted in Europe by anti-dumping regulations, and in the US by high tariffs, both Phoenix and Forever have been building exports to Africa and South America.

Forever's finances are likely to be further assisted by government plans to take on the costs of providing pensions and welfare for the company's former employees, reflecting the state's commitment to one of its flagship brands.

Mr Tao insists the company will remain true to the brand, and Forever will be manufacturing bicycles for many years to come.

"The bicycle will still be the way ordinary people get around," he says.

James Harding

Japanese fund management groups to merge

By Bethan Hutton in Tokyo

Three investment management companies linked to Dai-Ichi Kangyo Bank are to merge later this year, forming one of Japan's three largest investment management groups with about Y2,500bn ($20.55bn) under management.

Dai-Ichi Kangyo Investment Management, Kankaku Capital Management and Asahi Investment Trust Management are set to merge in October, probably under the name of Asahi Investment Trust Management, the largest of the three. The merger is subject to approval by the Ministry of Finance.

The plan comes after two investment management affiliates of Nomura Securities, Japan's largest stockbroker, said they would merge this October, creating an institution with Y15,400bn under management.

Both moves are part of preparations by financial institutions for the deregulation of Japanese markets and services due over the next few years. Competition will increase, but investment managers outside the main life assurance and trust banking groups are set to continue expanding in areas such as pension fund management.

Dai-Ichi Kangyo Investment Management and Kankaku Capital Management deal mainly with institutional clients, while Asahi Investment Trust Management serves retail investors.

Kankaku Capital Management and Asahi Investment Trust are affiliated to Kankaku Securities, a second-tier securities house in which Dai-Ichi Kangyo Bank is the largest shareholder. Analysts said the move was not unexpected in the wake of the Nomura merger announcement and Dai-Ichi Kangyo's increasing links with Kankaku Securities.

This is the first merger between bank and brokerage subsidiaries. More are expected between smaller stockbrokers and subsidiaries of larger securities companies in the run-up to deregulation.

INTERNATIONAL NEWS DIGEST

Libbey and Vitro in tableware deal

Libbey, the Ohio-based glass tableware manufacturer, has agreed to buy 49 per cent of Vitrocrisa, the tableware subsidiary of Vitro, the Mexican glassmaker, for a reported $100m. Vitrocrisa accounts for about 14 per cent of Vitro's $3bn annual sales. The agreement also includes Libbey's acquisition of WorldCrisa, which supplies flat ware, dinner ware and other table products to the US food service industry.

Vitro, which last year wrote off its $1bn investment in Anchor Glass, its loss-making US subsidiary, has been looking for foreign partners to recapitalise its divisions. As well as flat glass and glass containers, Vitro produces aluminium cans, plastic containers, synthetic fibres, washing machines and fridges. Mr Hugo Jaime Garcia, Vitro finance director, said proceeds from the Vitrocrisa transaction would be used to cancel part of Vitro's $1.8bn debt. Mr Garcia's aim this year is to lower Vitro's corporate debt by $300m. *Leslie Crawford, Mexico City*

Shipyards hold back Keppel

Keppel, the Singapore conglomerate with shipping, property and financial interests, reported a drop in earnings yesterday, in line with market expectations. Group net profit in 1996 fell 4.7 per cent from S$214.1m to S$204.1m (US$142.5m). Pre-tax profit rose from S$444.9m to S$487.3m and revenue climbed from S$2.4bn to S$2.9bn. Earnings per share dropped from 42.3 cents to 38.4 cents.

The company surprised analysts by proposing a one-for-four bonus share issue. Analysts believed the bonus was an attempt to prevent the company's share price from falling sharply. Keppel shares ended down 20 cents at S$10.10, just above their low for the year of S$10.

Poor earnings from shipyards, squeezed increasingly by lower-cost competition, was the main negative factor. Keppel Marine suffered a 57 per cent slide in net profit to S$15.2m. The group's property and banking interests enjoyed another year of strong earnings growth. The two sectors contributed 44 per cent of group revenue but 90 per cent of pre-tax profit. Keppel's shipyard businesses contributed only 7 per cent of pre-tax profit but 40 per cent of revenue. *James Kynge, Kuala Lumpur*

Feed price war in China

Two of China's biggest animal feed manufacturers have started a price war in an attempt to secure a larger market share. Hope, based in Sichuan and one of China's biggest private companies, cut feed prices by between 10 per cent and 25 per cent this week. "We are not going to make a profit. Our main purpose is to grab more market share," it said yesterday. Hope's rival, Dajiang, which is 42 per cent owned by Thailand's Chiatai Group, claimed Hope was responding to its 8 per cent cut, announced last month. Dajiang said it accounted for 2 per cent of China's total output of 45m tonnes of feed last year while Hope accounted for 5 per cent. *James Harding, Shanghai*

CORRECTION

Mr Ronald Perelman

The photograph in yesterday's Financial Times captioned Mr Ronald Perelman, the US financier, was in fact Mr Lawrence Perlman, the chairman and chief executive of Ceridian, the US payroll processing company. We apologise for any confusion caused by our error.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Prices for Trading on 12.03.97: Pool purchase price £/MWh	Final Prices for Trading on 12.02.97: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.39	12.85	14.29
0100	16.86	12.85	14.29
0130	51.36	36.52	37.98
0200	51.36	36.52	37.98
0230	18.66	18.08	19.52
0300	18.65	36.52	37.98
0330	16.68	36.52	37.98
0400	16.39	16.97	18.41
0430	13.31	12.85	14.29
0500	11.65	12.85	14.29
0530	11.70	12.01	12.01
0600	11.65	11.88	11.88
0630	11.65	11.88	13.12
0700	22.62	26.25	27.69
0730	21.82	27.60	29.04
0800	22.52	33.32	34.76
0830	27.40	31.23	32.67
0900	27.40	31.23	32.68
0930	27.41	33.32	34.77
1000	30.86	33.32	34.77
1030	30.86	33.32	34.77
1100	30.67	36.05	37.50
1130	33.62	50.23	51.68
1200	33.61	50.23	51.68
1230	33.60	50.23	51.68
1300	27.40	50.23	51.67
1330	27.40	31.23	32.68
1400	27.40	27.60	29.04
1430	105.38	68.85	68.29
1500	105.35	68.85	68.29
1530	24.29	27.60	29.04
1600	22.52	27.60	29.04
1630	24.30	27.61	29.05
1700	25.17	36.70	38.20
1730	39.20	49.79	51.37
1800	39.43	52.86	54.47
1830	40.02	52.76	54.33
1900	52.13	49.53	51.03
1930	51.92	38.02	38.48
2000	38.51	37.99	39.44
2030	39.21	36.55	37.99
2100	29.36	27.60	29.04
2130	29.35	26.25	27.69
2200	29.35	19.53	20.97
2230	19.86	16.56	18.00
2300	19.86	11.88	13.12
2330	18.59	11.88	13.12
2400	19.08	11.69	11.69

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.88/MWh becomes 1.688p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction (and sometimes major alteration) until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0115 945 6789 between 8.30am and 5.15pm Monday to Friday.
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INTERNATIONAL CAPITAL MARKETS

US Treasuries slip on rate rise fears

GOVERNMENT BONDS

By Lisa Bransten in New York and Edward Luce in London

US Treasury prices slipped in early trading yesterday in a delayed reaction to Friday's strong employment figures and amid nervousness that the Federal Reserve could raise interest rates at the end of the month.

Near midday, the benchmark 30-year Treasury was down ¼ to 99¾, yielding 6.847 per cent, while the two-year note was 1/32 lower at 99 11/32, yielding 6.096 per cent. The March 30-year bond contract fell 3/32 to 110 17/32.

On Friday, bonds initially weakened after the release of unexpectedly high figures on February job creation, but they finished stronger as traders who had bet the market would fall were forced to buy Treasuries to cover short positions.

"A short squeeze brought the market back on Friday, but there was little follow-through so the market is falling today," said Mr Richard Gilhooly, international bonds strategist at Paribas Capital Markets in New York.

Attention is now focused on today's release of the Federal Reserve's report on the state of the economy, known as the beige book, as an indicator of whether the central bank will raise interest rates at the March 25 meeting of its Open Market Committee, Mr Gilhooly said.

Also adding to the pressure on bonds yesterday was a downward revision to figures on non-farm productivity increases in the fourth quarter to 1.5 per cent from the original estimate of 2.8 per cent. That change led to a jump in unit labour cost growth to 2.5 per cent.

European bond markets reined back yesterday afternoon in reaction to the poor performance of US Treasuries during morning trading in New York.

The June contract on 10-year German bunds, which had broken through the technical resistance point of 102 in morning trading, closed at 101.79 in London, up 0.04 from the previous day.

Traders were at a loss to explain the bund rally in the morning, with some suggesting it was a correction to the drop in the short-end of the German yield curve over the past two weeks.

"There are basically two themes in the European markets at the moment: fear of a rise in US interest rates on March 25 and continuing worry about the prospects for European monetary union," said Mr Graham McDevitt, head of global bond strategy at Paribas in London. "The markets lack any clear direction so trading volume has been very low."

Italian BTPs slid again on continued uncertainty about the government's ability to push through a tough mini-budget in the spring.

Political tensions in the coalition government and persistent worries over Italy's eligibility to take part in the first round of European monetary union continued to depress trading.

The June contract on 10-year BTPs fell by 0.43 to close at 126.77 in London and the Italian spread over 10-year gilts widened by 3 basis points to 188 basis points.

"If the European 'peripherals' cannot do better than this with the dollar trading so strongly, then a Fed rate hike will only make matters worse," said Mr David Brown, chief European economist at Bear Stearns in London.

UK gilts marked time after an improvement in the UK's inflation prospects had triggered a rally on Monday. Long gilts closed up ⅛ at 111 25/32. Traders said that uncertainty over the UK election was holding the market back.

CAPITAL MARKETS NEWS DIGEST

US investors 'more bullish on Mexico'

US investor confidence toward Mexico has improved markedly over the past 12 months as the country's economic situation has stabilised and investors have sought alternatives to record high valuations in the US equity markets, according to a new survey.

Mexico's early repayment of the $17bn bridge loan which the US provided during the peso crisis in early 1995 has bolstered US fund managers' confidence, the report by Broadgate Consultants, a US corporate and markets communications firm, shows.

The survey, conducted over recent weeks, included 80 institutional investors with more than $500m under management.

More than 90 per cent of the US market participants surveyed said their opinion on Mexican equities had improved substantially from a year ago.

With the Mexican stock market trading at a price-earnings multiple of roughly 14.5 times, 60 per cent of respondents said the market was undervalued.

Fears about the country's recession have receded and investors expect a relatively stable peso, lower inflation and strong growth.

Some 90 per cent of investors surveyed forecast gross domestic product growth in the range of 4-5 per cent. With this kind of growth, investors pointed to a number of potential sector beneficiaries, including construction, telecommunications and financial institutions.

Nevertheless, with Mexican federal elections due this summer, some investors indicated that they might become more nervous and put investment plans on hold, the report showed.

Conner Middelmann, London

Emerging market funds ahead

Hedge funds investing in the emerging markets outperformed all others for the second consecutive month in February, according to Hedge Fund Research, a performance tracking firm. The HFR Emerging Market index rose 5.59 per cent last month, adding to its 6.52 per cent gain in January.

"Emerging markets managers continue to outshine all other strategies," HFR said. "They are already up 12.48 per cent year-to-date... propelled once again by the spectacular performance of funds invested in Russia. Latin American managers also turned in strong performances."

Of 16 categories of funds tracked by HFR, eight outperformed benchmarks such as the Dow Jones Industrial Average and the Standard & Poor's 500 index. These were emerging markets, convertible arbitrage, distressed securities, fixed income, macro funds, short selling, value funds, and funds of funds.

Three types of funds tracked had negative performances in February: the HFR Sector index lost 2.40 per cent, the Growth index was down 1.09 per cent and the Multi-Strategy index fell 0.90 per cent.

Samer Iskandar, London

IFC europeso issue wins wide acclaim

INTERNATIONAL BONDS

By Edward Luce and Samer Iskandar

The first Philippine europeso bond was issued yesterday to general acclaim from traders in Europe and Asia. Lead-managed by Citicorp, the five-year 3.6bn peso bond was issued by the International Finance Corporation as part of a global medium-term note programme announced last month.

Traders said that the debt, which was priced at a level equal to 83 per cent of Philippine five-year government bonds, was well received, although secondary trading only starts today.

The World Bank is expected to follow the IFC with a debut europeso issue in the near future.

The IFC could reopen the issue with another 1.5bn pesos if it receives authorisation from the Philippine central bank. Citicorp said about 60 per cent of the debt was distributed in Asia, with the remainder split between the US and Europe.

"We wanted to get the deal out faster than it takes to break syndication in Asia to prove that it was a real europeso issue," said Mr Jamshid Ehsani, managing director of Citicorp Securities.

The day's largest transaction was a $500m issue of five-year notes by Belgium. UBS, joint lead manager with Morgan Stanley, said it was "very pleased, not only with the absolute level of sales but especially with the quality of the distribution among institutional investors." It also said the timing was good and demand had been strong due to the lack of recent sovereign bonds.

Scottish Hydro-Electric made its debut issue with £150m of 10-year bonds. The proceeds will be used to fund the acquisition of the remaining 50 per cent stake of the Keadby power station it does not already own.

The borrower also intends to use part of the funds to refinance Keadby's existing project finance funding. The refinancing is expected to result in lower funding costs, with Keadby benefiting from Scottish Hydro's stronger credit.

"Refinancing in the bond market will allow Hydro-Electric to make a significant saving on interest charges and lock in attractive levels of fixed-rate funding," said Mr Roger Young, chief executive of Scottish Hydro-Electric.

The Royal Bank of Scotland launched a £150m perpetual note in sterling, the first to pay a floating rate of interest. The deal was lead managed by BZW.

Toyota Credit tapped the Canadian dollar sector with an issue maturing in December 2002 and aimed at retail investors in Germany, Switzerland and the Benelux region. "It was essential to have a maturity in 2002, which is viewed as a five-year although it is a bit longer," said CIBC Wood Gundy, joint lead manager with Paribas.

Retail investors have a preference for paper with relatively short maturities of less than five years. But Wood Gundy explained that "by stretching the maturity as far out as possible, we could offer the highest outright coupon."

Perez Companc, the Argentine oil and gas production company, launched its first offering of lira-denominated bonds.

The lead manager was Chase Manhattan. The debt was trading at its offer price last night.

New international bond issues

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book-runner
US DOLLARS							
Kingdom of Belgium	500	6.50	99.725R	Mar 2002	0.25R	+46(6¼%Feb02)	Morgan Stanley/UBS
Toronto-Dominion Bank	200	6.50	100.10R	Mar 2000	0.20R	+14(5¾%Feb00)	Paribas Capital Markets
Ford Motor Credit Co	200	6.375	99.666R	Mar 2000	0.225R	+18(5¾%Feb00)	UBS
CNCP-MGM Int Finance†	125	(a)	99.968R	Apr 2000	0.20R	-	JP Morgan Securities
Banco Bozano Simonsen(b)	100	9.125#	99.9645R	Mar 2005	0.75R	+270(6¾%-02)	Crédit Lyonnais, London
Korea Exchange Bank(c)	100	(c)	99.945	Mar 1999	undisc		Chase Manhattan Intl
STERLING							
Scottish Hydro-Electric(d)	150	7.875	99.556R	Mar 2007	0.35R	+57(7¼%-06)	Dresdner/SBC Warburg
Royal Bank of Scotland(e)‡	150	(e)	99.39R	undated	0.50R		Barclays de Zoete Wedd
FRENCH FRANCS							
Morgan Stanley Group	1bn	5.125	99.76R	Apr 2003	0.25R	+35(f)	Morgan Stanley
SWISS FRANCS							
BGB Finance (Ireland)	150	3.00	101.25	Apr 2004	2.50	-	Bank von Ernst & Cie
Landesbank Rheinland-Pfalz	100	2.00	97.85	Dec 2002	2.25	-	UBS
ITALIAN LIRE							
Perez Companc	300bn	8	100.00R	Apr 2002	0.80R		Chase Manhattan Intl
Bayerische Hypo(g)	150bn	7.40	99.60R	Apr 2002	0.13R		Bankers Trust/Cariplo
PESETAS							
Eurofima‡	20bn	(h)	100.00	Apr 2007	0.25	-	[illegible]
CANADIAN DOLLARS							
Toyota Credit Canada(c)	125	5.75	99.20R	Dec 2002	0.275R	+30(7¾%Sep01)	CIBC WG/Paribas
RAND							
World Bank	2bn	zero	3.765R	Apr 2022	0.125R	-	JP Morgan Securities
World Bank(j)	200	15.00	100.40R	Mar 1998	0.10R	-	ABN Amro Hoare Govett

Final terms, non-callable unless stated. Yield spread (over govt bond) at launch supplied by lead manager. ‡ Floating-rate note. # Semi-annual coupon. R: fixed re-offer price; fees shown at re-offer level. a) 3-mth Libor +20bp. b) Call & put on 20/3/02 at par. c) 6-mth Libor +22½bp. d) Callable from Mar 07 at par. e) 3-mth Libor +60bp to Mar 07, then +150bp. f) 3-mth Libor +165bp. g) Issuer can convert annually from 4/4/98 to 3-mth Libor +10bp. h) 6-mth Libor +25bp, max 8.45%. i) Over interpolated yield. j) Fungible with R400m. Plus 19 days accrued. k) Short 1st coupon.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		6.750	11/06	92.7826	–0.060	7.82	7.89	7.41
Austria		5.625	01/07	99.8700	+0.090	5.64	5.54	5.80
Belgium		6.250	03/07	103.8000	+0.030	5.74	5.61	5.76
Canada *		7.000	12/06	103.6800	–0.570	6.48	6.39	6.64
Denmark		8.000	03/06	111.4600	+0.200	6.30	6.22	6.48
France	BTAN	5.500	10/01	103.8488	–0.080	4.57	4.39	4.50
	OAT	6.500	10/06	107.5100	–0.040	5.48	5.37	5.63
Germany Bund		6.000	01/07	102.4700	+0.020	5.66	5.53	5.80
Ireland		8.000	08/06	109.5600	–	6.60	6.49	6.65
Italy		7.750	11/06	102.7200	–0.160	7.35†	7.31	7.21
Japan	No 143	6.300	09/01	121.6008	–	1.31	1.36	1.35
	No 182	3.000	09/05	104.9077	+0.188	2.32	2.41	2.38
Netherlands		5.750	01/07	101.4200	+0.160	5.43	5.31	5.60
Portugal		9.500	02/06	117.6500	+0.150	6.82	6.70	6.69
Spain		7.350	03/07	102.8300	+0.230	6.90	6.88	6.71
Sweden		8.000	08/07	108.2688	+0.308	6.86	6.85	6.89
UK Gilts		8.000	12/00	103–29	–1/32	6.80	6.80	7.02
		7.500	12/06	101–21	–3/32	7.26	7.19	7.51
		9.000	10/08	112–23	–4/32	7.35	7.29	7.59
US Treasury *		6.250	02/07	97–15	–13/32	6.60	6.55	6.61
		6.625	02/27	97–01	–18/32	6.86	6.82	6.90
ECU (French Govt)		7.000	04/06	106.9600	–0.080	5.96	5.88	5.97

London closing, *New York mid-day. Yields: Local market standard.
† Gross (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Latest		Treasury Bills and Bond Yields			
		One month	-	Two year	6.11
Prime rate	8¼	Two month	-	Three year	6.26
Broker loan rate	7	Three month	5.19	Five year	6.42
Fed.funds	5¼	Six month	5.40	10-year	6.58
Fed.funds at intervention		One year	5.69	30-year	6.84

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF) FFr500,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	131.30	131.20	+0.08	131.56	131.18	148,454	99,065
Jun	130.06	129.96	+0.08	130.32	129.84	40,378	82,965
Sep	128.44	128.34	+0.08	128.44	128.44	2	2,153

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Apr	CALLS May	CALLS Jun	PUTS Apr	PUTS May	PUTS Jun
128	2.01	-	2.46	0.05	0.26	0.51
129	1.12	-	1.76	0.17	0.49	0.81
130	0.45	0.81	1.14	0.49	0.85	1.18
131	0.13	0.40	0.69	1.17	1.44	1.72
132	0.03	0.16	0.38	2.07	2.19	2.19

Est. vol. total, Calls 16,784 Puts 16,668. Previous day's open int., Calls 118,414 Puts 133,002.

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	101.79	101.79	+0.04	102.18	101.66	185457	236909
Sep	101.26	100.92	+0.04	101.26	101.26	1	687

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
10150	0.54	0.96	1.21	1.27	0.25	0.67	0.92	1.85
10200	0.26	0.68	0.93	1.06	0.47	0.89	1.14	2.14
10250	0.10	0.46	0.68	0.87	0.81	1.17	1.39	2.45

Est. vol. total, Calls 17261 Puts 18393. Previous day's open int., Calls 178361 Puts 192540

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Jun	127.35	126.77	-0.43	127.67	126.52	49154	108334
Sep	127.35	126.69	-0.43	127.35	127.35	20	2395

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Jun	CALLS Sep	PUTS Jun	PUTS Sep
12650	2.02	2.92	1.75	2.73
12700	1.71	2.64	1.94	2.95
12750	1.46	2.38	2.19	3.19

Est. vol. total, Calls 1041 Puts 1477. Previous day's open int., Calls 71171 Puts 77955

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	112.93	112.74	+0.04	113.26	112.61	97,406	46,672
Jun	113.12	112.79	+0.06	113.30	112.70	13,081	36,874

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	112-20	112-08	-0-04	112-24	112-07	1625	30909
Jun	112-01	111-25	-0-03	112-09	111-21	57440	173042

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Apr	CALLS May	CALLS Jun	CALLS Sep	PUTS Apr	PUTS May	PUTS Jun	PUTS Sep
111	1-01	1-41	2-02	2-35	0-15	0-55	1-18	2-15
112	0-28	1-07	1-31	2-03	0-40	1-21	1-45	2-47
113	0-07	0-44	1-03	1-41	1-21	1-58	2-17	3-21

Est. vol. total, Calls 2183 Puts 1492. Previous day's open int., Calls 65821 Puts 30755

Ecu

■ ECU BOND FUTURES (MATIF) ECU100,000

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	96.94	96.92	+0.06	97.18	96.92	1,350	4,964
Jun	95.56	95.38	+0.04	95.64	95.38	267	1,795

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	110–23	110–17	–0–03	110–25	110–17	11,539	140,125
Jun	110–05	110–00	–0–04	110–11	110–00	223,798	384,536
Sep	109–26	109–24	–	109–27	109–21	199	13,367

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	125.56	-	-	125.70	125.55	1796	n/a
Sep	124.25	-	-	124.30	124.24	95	n/a

* LIFFE futures also traded on APT. All Open interest figs. are for previous day.

FTSE Actuaries Govt. Securities — UK Indices

Price Indices UK Gilts	Tue Mar 11	Day's change %	Mon Mar 10	Accrued interest	xd adj. ytd		Low coupon yield Mar 11	Mar 10	Yr. ago	Medium coupon yield Mar 11	Mar 10	Yr. ago	High coupon yield Mar 11	Mar 10	Yr. ago
1 Up to 5 years (19)	121.14	0.02	121.12	2.29	2.59	5 yrs	6.90	6.90	7.63	6.98	6.98	7.67	7.02	7.01	7.77
2 5-15 years (21)	152.14	–0.03	152.19	2.82	1.93	15 yrs	7.44	7.42	8.37	7.42	7.41	8.37	7.31	7.36	8.47
3 Over 15 years (6)	173.84	–0.12	174.05	4.46	2.31	20 yrs	7.51	7.51	8.44	7.46	7.45	8.43	7.32	7.38	8.51
4 Irredeemables (5)	201.30	0.11	201.08	4.01	1.00	Irred.†	7.57	7.58	8.48						
5 All stocks (51)	146.16	–0.03	146.22	2.94	2.30										

Index-linked							Inflation 5% Mar 11	Mar 10	Yr. ago	Inflation 10% Mar 11	Mar 10	Yr. ago
6 Up to 5 years (2)	206.12	–0.02	206.16	2.65	0.00	Up to 5 yrs	3.14	3.13	3.12	2.46	2.45	1.88
7 Over 5 years (10)	198.10	–0.01	198.11	1.12	1.61	Over 5 yrs	3.47	3.46	3.82	3.27	3.27	3.63
8 All stocks (12)	197.87	–0.01	197.88	1.27	1.61							

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT Fixed Interest Indices

	Mar 11	Mar 10	Mar 7	Mar 6	Mar 5	Yr ago	High*	Low*
Govt. Secs. (UK)	95.77	95.90	95.70	95.55	95.67	91.27	96.74	91.59
Fixed Interest	119.72	119.59	119.45	119.35	119.77	111.12	120.18	110.74

Gilt Edged Activity Indices

	Mar 10	Mar 7	Mar 6	Mar 5	Mar 4
Gilt Edged bargains	NA	90.9	85.2	82.6	80.5
5-day average	NA	85.9	82.5	83.0	89.7

 * for 1996/97. Government Securities high since compilation: 127.40 (09/01/35), low 49.18 (03/01/75). Fixed Interest high since compilation: 133.87 (21/01/94), low 50.53 (03/01/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974.

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on March 11

	Issued	Bid	Offer	Chg	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	98⅛	98⅜	-¼	6.83
ABN Amro Bank 7¼ 05	1000	101	101¼	-¼	7.21
African Dev Bk 7⅜ 23	500	99	99⅜	-¼	7.46
Alberta Province 7⅝ 98	1000	102	102¼		6.28
Asian Dev Bank 6¼ 05	750	96½	96¾	-¼	6.91
Spain 7¼ 03	4000	110⅜	110½		5.19
Volkswagen Intl Fin 7 03	1000	108	108¼	+⅛	5.44
World Bank 5⅞ 03	3000	104⅜	104½		5.08
World Bank 6⅛ 02	3000	105¾	105⅞		4.91
World Bank 7⅛ 05	3000	110⅝	110⅞	+⅛	5.54
Abbey Natl Treasury 8 03 £	1000	102½	102¾		7.47
British Land 8⅞ 23 £	150	103⅛	103½	+⅛	8.76
Denmark 6¼ 98 £	800	100¼	100⅜		6.52
Depfa Finance 7⅛ 03 £	500	98⅝	98⅞		7.48
EIB 8 03 £	1000	103⅞	104		7.22
Finland 7 00 £	500	100⅞	100⅞		6.66
[illegible]					

UK GILTS PRICES

	Notes	Yield Int	Yield Red	Price £	+ or –	52 week High	52 week Low
Shorts (Lives up to Five Years)							
Exch 10½pc 1997		10.49	–	100¼		107	100
Treas Cnv 7pc 1997‡‡		6.97	6.00	100 13/32		101	100
Treas 8¾pc 1997‡‡		8.64	6.61	101		107	101
Treas 7½pc 2006‡‡		7.38	7.26	101	-⅛	103	94
Treas 7¾pc 2006‡‡		7.52	7.29	103	-⅛	107¼	95
Treas 8pc 2002-6‡‡		7.78	7.14	103		104	98
[illegible]							

Index-Linked	Notes	Yield (1)	Yield (2)	Price £	+ or –	52 week High	52 week Low
4⅝pc '98‡‡	(135.6)	–	1.87	114		114⅝	111⅞
2½pc '01	(78.3)	2.62	3.21	186		187	175
2½pc '03	(78.8)	2.85	3.28	182¾		184	172
[illegible]							

Other Fixed Interest

[illegible]

هكذا من الاصل

COMPANIES AND FINANCE: UK

Scotia setback unsettles biotech sector

By Daniel Green

Shares in Scotia, one of the UK's largest biotechnology companies, fell by 24 per cent after the company said that one of its most promising drugs would not earn a recommendation for approval from the UK Committee on the Safety of Medicines.

The MCA's views are not binding on the government, but are usually followed.

The drop in Scotia's share price also hurt the rest of the UK biotechnology sector. Shares in many others, including British Biotech and Celltech fell too.

The drug is Tarabetic, a treatment for the nerve damage suffered by diabetics (diabetic neuropathy).

It is one of the most important of the drugs Scotia has. Analysts at stockbroker Lehman Brothers had forecast sales of $150m a year and estimated its value at about 5 per cent of the company's research and development pipeline.

The failure to win a recommendation also puts into doubt another drug, SC103, an improved version of Tarabetic in early development which Lehman estimates is worth 8 per cent of Scotia's value.

Further bad news was possible from Scotia because its cancer drug EF13 was submitted to regulators with less evidence in its favour from clinical trials than Tarabetic, according to one analyst.

But Dr David Horrobin, Scotia's chief executive, said that Tarabetic might yet win regulatory approval.

He said that the MCA's decision was a narrow one based on an inconsistency of results between different centres at which trials were conducted.

He also blamed the decision on the fact that there is no precedent for a treatment for the condition, leading to greater uncertainty among regulator.

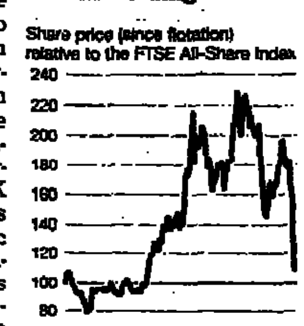
Several other companies, including Roche of Switzerland and American Home Products, have abandoned diabetic neuropathy drugs because of the difficulties in proving effectiveness is such a slowly-progressing disease.

Dr Horrobin said he intended to appeal to the Medicines Commission, which has the power to reverse the MCA's recommendation. The final decision is in the hands of the department of health.

The shares closed down 135p at 435p.

LEX COMMENT

Scotia



Most biotechnology companies stumble at some point, only to scramble to their feet again. British Biotech and Cantab Pharmaceuticals have both bounced back from the failure of their lead product. Scotia may be different. The refusal of the UK authorities to approve its treatment for diabetic nerve damage is more serious than the potential loss of a single drug. It reinforces doubts over the group's controversial fat-like chemicals which underlie many of its other compounds. And it suggests Scotia does not have the expertise to design rigorous clinical trials.

That is why the shares fell 24 per cent yesterday.

Scotia argues that it is tackling unusual diseases with unusual technology – a combination bound to make medical regulators particularly sceptical. A big partner would help restore confidence; the group's failure to find one is puzzling.

Loyalty cards

Loyalty cards have become legion in airports and superstores – now they are about to take on the British high street. And it is easy to see why Shell's collective loyalty scheme has attracted big retail names.

Airline loyalty may have been won by rewarding the individual for spending his company's money.

But the British supermarkets have shown that the consumer's own spending can be bought for as little as a penny for every pound.

Obviously, the risk is that other retail groups follow suit and everyone just throws away some profit margin.

Given the small number of relatively homogeneous petrol retailers, supermarket groups and banks, there could easily be other alliances. So the consumer could eventually be rewarded for loyalty to most of the high street with just a few cards.

But as Tesco showed with its Clubcard, there is a definite advantage to being first.

RESULTS

		Turnover (£m)		Pre-tax profit (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
BBA	Yr to Dec 31	1,101	(1,183)	142.1	(66.8♠)	20.7	(2.4)	4.9	May 23	4.2	7	6
Biotrace	Yr to Dec 31	5.04	(3.41)	1.24L♠	(1.5L)	4.02L	(4.82L)	-	-	-	-	-
BPP	Yr to Dec 31	75.5	(65.5)	9.75	(8.54)	22.9	(19.6)	9	May 6	7.6	13	11.2
Britton	Yr to Dec 31	221.7	(203.8)	20.4♠	(19.3♠)	10.6	(10.18)	1.98	May 28	1.8	3.3	3
Cash Converters @	6 mths to Dec 31	9.8	(5.34)	1.63	(1.55)	0.64	(1.02)	1.3	May 28	-	-	-
Cowie	Yr to Dec 31	1,126	(1,001)	81.2	(55.8)	33.2†	(25.8)	9	Apr 25	7.35	12.4	10.4
Cussins Property	Yr to Dec 31	26.7	(24.5)	1.9	(1.71♥)	8.8	(8.7)	2.65	June 5	2.45	4.1	3.9
Edinburgh Fund	Yr to Jan 31	31.1	(19.6)	12.6♠	(12.8♥)	28.1	(45.4)	17	May 21	17	25	25
Expamet Intl	Yr to Dec 31	115.7	(143.9)	16.1♥	(31.3L♠)	19.85	(52.9L)	1.85	May 2	1.65	3.3	3
Forward Tech	Yr to Dec 31	57.9	(58.7)	0.613L	(3.05)	1.8L	(6.8)	0.25	May 31	1.75	1.25	2.75
Glenchewton	Yr to Dec 31	22.8	(15.4)	1.64♠	(0.677♥)	5.26	(2.13)	0.9	May 14	0.6	1.35	0.9
Guinness Peat	Yr to Dec 31 ★	81.6	(72.1)	32.9♥	(20.3♥)	3.15†	(2.6)	0.2	May 19	0.2	0.2	0.2
Harrisons Crosfield	Yr to Dec 31	2,046	(2,047)	120.8♥	(119.6)	11.2	(10.5)	5.4	July 1	5.4	9	9
Headway	6 mths to Dec 31	10.4	(9.35)	0.603	(0.43)	2.8	(2)	0.35	May 2	0.8#	-	1.4#
Independent Ins	Yr to Dec 31	438.9□	(410.5□)	52	(35.5)	80.2	(53.6)	7.95	May 30	6.65	13.25	11.25
Kalon	Yr to Dec 31	524.8	(374.1)	19.3♠	(2.98L♠)	3.14†	(1.23L)	3.5	May 15	3.2	5.2	4.8##
North Midland	Yr to Dec 31	33.4	(38.4)	1.4	(1.48)	9.37	(9.53)	2.25	May 21	1.25	3	2
On-Line Φ	7 mths to Dec 31	0.212	(-)	0.046	(-)	2.65	(-)	-	-	-	-	-
Orange	Yr to Dec 31 ☆	619	(228.7)	229.1L♥	(140.5L♥)	21L	(18L)	-	-	-	-	-
Pacer Infotec $	Yr to Dec 31 ⁑	41.3	(27.6)	1.48	(1.3)	0.13†	(0.14)	0.035	June 16	0.035	0.065	0.065
Peak	Yr to Dec 31	162.1	(143.8)	12.6	(16♥)	6.9	(9.9)	2.35	July 4	2.35	3.4	3.4
Pittencrieff Res	Yr to Dec 31	13	(12.1)	1.7	(20.3L♠)	2.96	(35.41L)	-	-	-	-	0.5
Pentland	Yr to Dec 31 ★	889.6	(754.9)	3.8L♠	(32.3)	5.25L	(5.29)	2.1	July 1	1.95	3.5	3.3
Pochin's	6 mths to Nov 30	22.3	(23)	1.29	(1.62)	4.3	(5.6)	0.75	Apr 21	0.75	-	2.5
PTS	Yr to Dec 31	73.9	(61)	2.2	(2.26)	7.4†	(7.8)	2.6	May 7	2.4	3.9	3.6
Readymix ‡	Yr to Dec 31	78.5	(41)	8.71	(4.7)	14.99†	(10.38)	3	May 15	2.5	4.3	3.7
Redrow	6 mths to Dec 31	123.2	(95.3)	16.4	(12.1)	5.2	(3.9)	1.2	May 23	1.1	-	3.3
Robert Walters	Yr to Dec 31	45.9	(24)	3.93	(2.11)	11.3†	(6.4)	1.5	May 8	-	-	-
Sheffield Utd	6 mths to Dec 31	4.84	(3.95)	0.19L	(0.041)	0.15L†	(0.04)	-	-	-	-	-
Thorntons	28 wks to Jan 11★	67.5	(59.1)	9.94	(7.63)	11.55	(7.32)	1.65	Apr 30	1.5	-	5.3
Torday & Carlisle	Yr to Dec 31	20.7	(27.1)	1.17	(0.247L♠)	5.6	(1.5L)	nil	-	nil	nil	nil
Waverley Mining	6 mths to Dec 31	2.82	(nil)	5.9L♥	(0.179L)	13.07L	(0.44L)	-	-	-	-	-
Wellington Hldgs	Yr to Dec 31	57.8	(61.3)	5.78	(4.99♠)	17	(14.64)	5.4	May 23	5	8.1	7.4
WSP	Yr to Dec 31	28.2	(25.3)	2.31	(1.8)	5.4†	(4.7)	1.3	May 7	1.1	2.4	2.2
Yorks-Tyne Tees	Yr to Dec 31	270.8	(261.8)	30.2♠	(21.6)	38.2	(28.6)	11.2	May 13	10.3	18	14
Zeneca	Yr to Dec 31	5,363	(4,898)	975♠	(619♠)	67.8	(35.6)	22.5	May 6	19.75	35	31

Investment Trusts		NAV (p)		Attributable Earnings (£m)		EPS (p)		Current payment (p)	Date of payment	Corresponding dividend	Total for year	Total last year
American	Yr to Jan 31	413.29	(370.53)	4.84	(4.88)	5.84	(5.89)	3.7	Apr 29	3.7	5.6	5.6
M&G Income	Yr to Jan 31	83.26	(78.18)	15.3	(13.8)	6.18	(5.58)	2.35	Apr 21	2.15	5.6	5.25
Smaller Cos	Yr to Dec 31 ★	162.26	(151.6)	1.65	(1.76)	3.36	(3.57)	1.85	Apr 30	1.7	3.15	3

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. ♠After exceptional charge. ♥After exceptional credit. †On increased capital. @Australian currency. #Includes 0.5p special. □Gross written premiums. ##Excludes 10p special. ☆Comparatives pro forma. ★Comparatives restated. ⁑Comparatives pre-merger. ‡Irish currency. $US currency. ΦAim stock. ‡Third interim.

Zeneca ready for investment

Fergus Wilde

Sir David Barnes: will spend more

By Daniel Green

Zeneca, the UK's third biggest pharmaceuticals company, yesterday warned that profit growth would be held back in the near term by higher capital investment and the cost of launching new drugs.

Although 1996 profits were in line with market expectations, the company cautioned that it had abandoned one of the drugs it has been developing because of side-effects.

Some analysts also warned that Zeneca was vulnerable to sterling's strength, and its pipeline of drugs did not assure it of a series of new launches next decade.

Zeneca's pre-tax profit before exceptional items rose 15 per cent to £1.011bn ($1.64bn) from £878m. Sales rose 9 per cent to £5.36bn with earnings per share, before exceptional items, up 14 per cent to 70.6p.

Mr Steve Plag, pharmaceuticals analyst at BZW, said the company had more of its costs in the UK than rivals such as SmithKline Beecham and Glaxo Wellcome and could suffer from a strong sterling.

Mr Kevin Scotcher, his counterpart at NatWest Markets, said the slowdown in the rate of new product launches likely early next decade, exacerbated by the dropping of ZD 0870 for fungal infections, "puts the company in the position where it has to acquire new products".

Glaxo, Zeneca set for battle

The battle for one of the world's fastest-growing drugs markets took off yesterday as Glaxo Wellcome, the UK's largest drugs company, and Zeneca, the third biggest, both announced regulatory approvals for new migraine drugs, writes Daniel Green.

Until now Glaxo's Imigran has had a virtual monopoly of the market. It had sales of £539m ($879m) last year, just five years after its launch.

Now Glaxo's Naramig has won approval from the Swedish health authorities while Zeneca's Zomig has approval in the UK.

Both companies refuse to reveal any plans for their products, now that such information is commercially sensitive. Areas likely to be scrutinised by doctors and stock market analysts alike include launch dates, submission to other regulators, and details of the drugs' labelling – especially lists of side-effects and whether or not the drugs should be prescribed only after any alternatives.

Mr Ian Smith, pharmaceuticals analyst at Lehman Brothers, is forecasting $500m annual sales of Naramig by 2000. By then, Imigran sales should be $1.5bn.

Zomig's sales should reach $350m in the same year, even though it may prove to have fewer side-effects than its rivals, said Mr Smith. The difference is that Glaxo's sales forces already have a grip on the migraine market.

Both drugs are likely to meet further competition over the next few years. Companies working on new migraine medicines include some of the biggest in the industry, such as Pfizer, Bristol-Myers Squibb and Johnson & Johnson of the US, and the UK's SmithKline Beecham.

The two companies remain linked in the migraine market in that Zomig is licensed from Glaxo. The US Federal Trade Commission forced the out-licensing of Zomig when Glaxo bought Wellcome in 1995.

'Blockbuster' phone from Amstrad

By Alan Cane

Amstrad, the personal computer and communications group, yesterday announced the first hand-held mobile phone capable of being used in Europe and the US without modification.

Mr Alan Sugar, Amstrad's combative chairman, described it as the first "blockbuster" product to emerge since the group was restructured last year.

Developed and marketed by Dancall, Amstrad's Danish subsidiary, it is expected to be available towards the end of the year.

Mr Sugar said it would not cost more in the shops than current GSM phones, which are heavily subsidised by manufacturers and service providers. GSM is the European-developed standard for digital mobile phones.

Currently European travellers to the US and vice-versa are forced to use different phones in each continent.

GSM has been adopted as the principal digital mobile standard in Europe, the Middle East, Australasia and Asia. Most networks in the US use the older analogue technology.

All-round growth lifts BBA to £142m

By Tim Burt

BBA Group, the diversified engineering company, yesterday reported a 19 per cent rise in underlying profits following strong contributions by its motor components, aviation services and non-woven textile operations.

Pre-tax profits last year rose from £118.5m to £141.1m ($230m) before exceptional items, while sales on continuing operations reached £1.08bn (£984.6m).

After exceptionals, profits more than doubled to £142m (£66.8m) – largely distorted by £51.7m of one-off charges in 1995.

Margins at the operating level rose from 11.8 to 13.5 per cent.

Mr Roberto Quarta, chief executive, said the figures reflected improvements following BBA's hefty restructuring in the mid-1990s.

He said the company – which spent £278m on acquisitions last year and contemplated a hostile bid for Lucas Industries – would continue to seek acquisitions, but would not sacrifice margins for the sake of "buying-in" sales.

Instead, it would concentrate on integrating new subsidiaries – particularly in textiles and aviation services – and using technology and new products to capture market share.

Nevertheless, Mr Roy McGlone, finance director, said strong cash generation meant it could spend up to £200m on "suitable bolt-on opportunities".

BBA underlined that strategy yesterday by announcing plans to spend up to £12m on Korma, the privately-owned Italian manufacturer of super-absorbent materials. It also unveiled plans for a friction materials joint venture in China, aimed at European car manufacturers in that market.

Improved contributions from friction materials helped lift underlying profits in the transportation division from £50m to £58.1m last year.

In the industrial division, dominated by non-woven textiles, profits reached £88.9m (£66m) – mainly because of gains at Fiberweb, the manufacturer of hygiene textiles acquired in 1995.

Earnings per share rose from 16.8p to 20.6p before exceptional items, and from 2.4p to 20.7p afterwards. A proposed final dividend of 4.9p (4.2p) lifts the total to 7p (6p).

COMMODITIES AND AGRICULTURE

Malaysia in warning on rubber price

By James Kynge in Kuala Lumpur

Malaysia yesterday warned rubber consumers to accept higher prices or risk a sharp decline in production caused by planters switching to more profitable alternatives, such as oil palms.

Mr Lim Keng Yaik, Malaysia's primary industries minister, said the result of such a scenario would be that rubber prices would spiral higher.

"If there is no fair and remunerative price for rubber, then producers will be forced to cut back on production and rubber prices will spiral like nobody's business," Mr Lim said.

He was speaking at the launch of the third International Natural Rubber Agreement, the global pact which controls buffer stocks and seeks to influence prices for the next four years.

Discussions on prices are expected to be high on the agenda this week as representatives of producing and consuming countries meet in Kuala Lumpur.

Mr Lim said that a rubber price of somewhere between M$4 and M$6 a kilogramme would probably be sufficient to avert a sharp fall in rubber production. The price is currently just over M$3 a kilogramme, he said.

At this price, many planters in Malaysia – the third largest producer, behind Thailand and Indonesia – were not bothering to tap their trees.

The result, Mr Lim said, was that Malaysia produced only about 1m tonnes of rubber annually. If all trees were tapped, it could produce 1.3m tonnes.

The shift to planting oil palms is already well established in Malaysia, where wage increases have eroded margins.

Mr Lim said, however, that Indonesia could follow suit if the rubber price remained low.

In Thailand, which does not have suitable climactic conditions for oil palms, farmers could also switch to more lucrative operations.

Observers said that although Mr Lim's remarks appeared to be aimed at boosting prices ahead of the discussions under INRA this week, the minister did have a point.

The economies of Malaysia, Indonesia and Thailand are restructuring with such rapidity that rubber planting runs the risk of becoming regarded as a sunset industry. Some planters in Malaysia are starting to regard the timber from rubber trees as more valuable than the rubber.

China and Italy, both consumer countries, are the only two nations which have yet to ratify the INRA 3.

A Chinese official said his country, which also supported the appeal for higher rubber prices put forward by Mr Lim, would become a member this week.

He added that the delay had been due to technical issues.

It was unclear whether Italy would join soon, officials said.

INRA 3, which succeeds previous generation agreements which have held sway over the last 16 years, is also expected to formalise the appointment of Dr Mohd Zubeir Noordin, Malaysia's deputy primary industries minister, as executive director. The previous two executive directors have been Indonesian and Thai.

Doubts over Chinese copper stock levels

Buoyant copper prices have been kept afloat in recent weeks by speculation that once the lunar new year festivities were over and paramount leader Deng Xiaoping's funeral rites were taken care of, China would return to the copper markets.

The signs this week, however, are that the Chinese are in no hurry to buy.

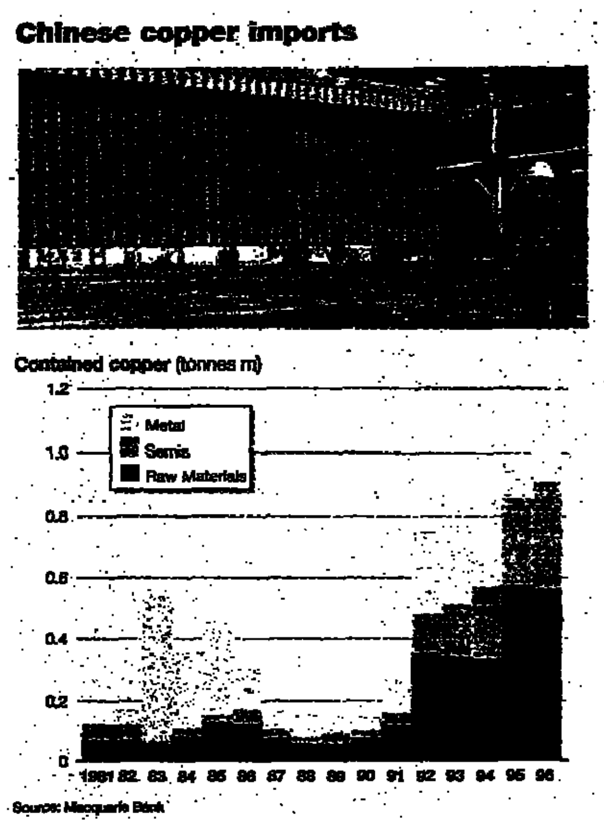
Government officials in the industry privately estimate China's copper stocks at between 200,000 and 300,000 tonnes, compared with analysts' forecasts of just over 100,000 tonnes.

The exact figure of stocks held by the Strategic Reserve Bureau, the government agency that manages the national stockpile, is a state secret and industry officials cannot give an authoritative figure.

However, one Chinese official said "between 200,000 and 300,000 tonnes seems like a proper amount, because the SRB has bought heavily last year to cover urgent copper needs and meet military demand".

Such a substantial stock would considerably ease the pressure on China, the world's biggest importer of copper, to buy on international markets. It also suggests the replenishment of the SRB stockpile, which supported market prices in the fourth quarter of last year, has come to a temporary end.

Chinese copper imports



Source: Macquarie Bank

Official figures released this week show China's demand for copper is expected to reach 1.2m tonnes this year, 900,000 tonnes of which will be met by domestic production, leaving 300,000 tonnes to be bought on international markets.

On Monday, Mr Chen Shengnian, vice-president of China Non-ferrous Metals Industry, the leading government company operating in the metals markets, said that whereas China had previously bought copper from the international market as and when the need arose, "CNNC must change its trading methods ... now we must think long-term".

The comment has reinforced suspicions among Shanghai traders that China has little intention of buying while prices are so high and that London Metal Exchange copper is overvalued.

"We had been expecting the Chinese to buy after the Chinese new year but they can't afford to or don't want to at these prices. And without the Chinese it is hard to see how the current LME prices can be maintained," one foreign metals trader in Shanghai said yesterday.

Although the contract prices suggest that copper is cheaper in London than in Shanghai, LME copper is trading at a considerable premium in real terms to China's domestic red metal. Once shipping and other costs as well as tax and import duties are included, the price of LME copper in China soars to more than $3,000 a tonne.

"While domestic prices remain depressed and international prices are relatively high, it is hard to see China coming into the market," one copper analyst in Shanghai said yesterday.

A further reason for China's willingness to wait out the period of high prices on the LME is this year's slackening in domestic demand.

Although the government has insisted that 1997 consumption will increase by 5 per cent from last year, traders in Shanghai and Beijing report a marked decline in Chinese appetite for copper.

CRU International, the London-based consultancy, reported at the beginning of the year that China's copper consumption is "sluggish by Chinese standards, particularly in the wire and cable sector".

"Although a resumption of Chinese buying is probable in late February or early March, it is likely to be at a much lower level than that evident in the second half of 1996," CRU International said.

One Shanghai trader said yesterday there had been no signs to date of Chinese interest in the market. "We assume the buyers are waiting for the price to fall," he added.

James Harding

Bigger role than suspected

China's role in the international copper market in recent years has been much bigger than suspected, says Mr Jim Lennon, analyst at Macquarie, the Australian banking group, Kenneth Gooding writes.

He says that since 1992 there has been rapid growth in Chinese imports of copper in all forms – raw materials, concentrate, scrap and blister and semi-fabricated products as well as metal – and calculates that last year imports of copper products exceeded 1m tonnes for the first time compared with only 100,000 tonnes in 1980.

Mr Lennon suggests in a paper prepared for American Metal Market's Copper Forum that China's demand for copper could show sustainable annual growth of 12½ per cent. In 1996 to 2000 this would amount to an extra 843,000 tonnes.

Domestic sources could provide only about 100,000 to 150,000 tonnes of this and the rest would have to be imported. These imports would be mostly raw materials.

"While China is likely to remain a highly erratic and unpredictable player in world copper markets, it is also likely to remain a long-term bullish influence," he says.

Mr Lennon adds that, because copper imports are so important to China, the metal is treated as strategic material and stocks are administered by the Ministry of Domestic Trade via the State Reserves Bureau.

"The government tends to act as a price stabiliser in the market, buying when copper prices are low and selling when prices are high. So the role of the government means that, paradoxically, China increasingly will be viewed as a stabilising force on prices, not a destabilising force."

Crude oil cargoes struggle to find buyers

MARKETS REPORT

By Robert Corzine and Kenneth Gooding

Oil prices continued their slide yesterday as crude cargoes struggled to find buyers. The price of Brent Blend for April delivery, the international benchmark, was down 32 cents a barrel to $18.96 in late trading on London's International Petroleum Exchange.

The fall followed a 58 cent drop on Monday. The depth of the slide is expected to be influenced by figures due late last night on US stocks of crude oil and refined products.

The inability of the market to absorb current oil supplies is due to large-scale refinery maintenance in the US and Europe, the mild weather, and rising supplies. In addition poor refining margins have caused some refiners to cut production runs in order to avoid or minimise losses.

Refined products such as gas oil also weakened. The March gas oil contract on the IPE was down $3.75 a tonne at $163.25.

Palladium jumped by more than $6 to $158 an ounce. Traders suggested a US bank had bought a big tonnage of the metal, essential in some industrial and car anti-pollution catalysts.

Russia, the biggest supplier of the metal, still has not signed an annual contract with Japan, the biggest user, and there are threats of strike action at the Norilsk combine, which produces most of Russia's platinum group metals.

"Palladium had a spectacular day," said Mr Andy Smith, analyst at Union Bank of Switzerland. "This provided a prop for precious metals markets."

Gold started strongly in London yesterday following a rise in New York on Monday, but the price fell back in late trading.

Dealers said investment funds and producers sold into the rally. Gold closed in London at $352 an ounce, $1.75 ahead of Monday's close but down from the day's peak of $353.85.

The London Metal Exchange yesterday reported another fall in stocks of all its traded metals, with the exception of nickel. A general downward trend in all but the LME's copper stocks this year has helped to lift prices.

LME WAREHOUSE STOCKS (As at Thursday's close) tonnes

Aluminium	-2,975	to 877,675
Aluminium alloy	-120	to 73,620
Copper	-3,050	to 205,525
Lead	-100	to 109,075
Nickel	+18	to 45,810
Zinc	-1,025	to 469,375
Tin	-280	to 9,430

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE (Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1641-42	1672.5-73
Previous	1630.5-1.5	1662-3
High/low		1677/1653
AM Official	1634-35	1665.5-66
Kerb close		1677-78
Open int.	269,557	
Total daily turnover	60,060	

■ ALUMINIUM ALLOY ($ per tonne)

	Cash	3 mths
Close	1641-42	1672.5-73
Previous	1523-8	1547-8
High/low		1550/1547
AM Official	1530-32	1548-50
Kerb close		1553-55
Open int.	6,320	
Total daily turnover	727	

■ LEAD ($ per tonne)

	Cash	3 mths
Close	667-8	671-1.5
Previous	674-5	675-6
High/low		675/667
AM Official	668-9	669-70
Kerb close		670-1
Open int.	40,076	
Total daily turnover	8,570	

■ NICKEL ($ per tonne)

	Cash	3 mths
Close	7875-85	7980-90
Previous	7995-8005	8100-05
High/low		8080/7900
AM Official	7870-75	7965-70
Kerb close		8020-30
Open int.	51,981	
Total daily turnover	16,266	

■ TIN ($ per tonne)

	Cash	3 mths
Close	5960-70	5970-75
Previous	5870-80	5910-20
High/low		6000/5880
AM Official	5965-70	5979-80
Kerb close		5870-80
Open int.	16,129	
Total daily turnover	11,585	

■ ZINC, special high grade ($ per tonne)

	Cash	3 mths
Close	1237.5-38.5	1253-54
Previous	1243.5-4.5	1254-5
High/low		1254/1245
AM Official	1237-38	1251-52
Kerb close		1251-52
Open int.	87,458	
Total daily turnover	26,402	

■ COPPER, grade A ($ per tonne)

	Cash	3 mths
Close	2409-12	2346-47
Previous	2456-9	2372-3
High/low		2354/2335
AM Official	2409-10	2341-42
Kerb close		2336-40
Open int.	142,042	
Total daily turnover	44,616	

■ LME AM Official £/$ rate: 1.6052

LME Closing £/$ rate: 1.6063

Spot: 1.6060 3 mths: 1.6037 6 mths: 1.6015 9 mths: 1.6003

■ HIGH GRADE COPPER (COMEX)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	115.10	+0.45	116.00	113.50	1,262	7,441
Apr	112.85	+0.75	113.30	111.65	44	3,374
May	110.65	+0.70	111.40	108.60	7,274	25,036
Jun	108.75	+0.60	108.80	108.80	7	991
Jul	107.35	+0.70	107.70	105.70	283	7,575
Aug	106.05	+0.70	105.00	105.00	4	643
Total					9,664	58,626

PRECIOUS METALS

■ LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold(Troy oz)	$ price	£ equiv	SFr equiv
Close	350.90-351.40		
Opening	351.80-352.20		
Morning fix	352.60	219.61	520.44
Afternoon fix	351.95	219.28	518.95
Day's High	354.00-354.40		
Day's Low	350.20-350.60		
Previous close	349.70-350.20		

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	4.04	6 months	4.03
2 months	4.03	12 months	4.01
3 months	4.03		

Silver Fix	p/troy oz.	US cts equiv.
Spot	327.05	525.00
3 months	331.55	531.45
6 months	336.10	538.00
1 year	351.80	551.35

Gold Coins	$ price	£ equiv.
Krugerrand	353-355	220-221
Maple Leaf	-	-
New Sovereign	82-85	51-53

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	354.7	+2.0	-	-	-	-
Apr	355.1	+2.0	355.5	351.6	27,076	85,471
Jun	357.3	+2.1	357.7	353.7	3,047	27,994
Aug	359.6	+2.1	360.0	356.3	83	9,984
Oct	362.0	+2.1	360.9	358.6	17	5,945
Dec	364.6	+2.1	365.3	362.0	75	20,954
Total					32,143	171,617

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	386.6	+3.1	389.0	384.5	1,189	18,438
Jul	388.9	+3.0	391.0	388.0	146	3,470
Oct	391.2	+3.0	392.0	390.0	2	2,093
Jan	393.3	+3.0	394.5	394.5	1	1,123
Total					1,338	25,124

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	159.25	+6.00	161.25	159.25	21	101
Jun	161.25	+6.00	161.25	159.20	494	9,858
Sep	162.25	+6.00	161.50	160.25	1	791
Dec	163.25	+6.00	163.25	163.25	1	188
Total					517	16,939

■ SILVER COMEX (5,000 Troy oz.; Cents/troy oz.)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	524.7	+1.1	526.0	521.0	159	845
May	528.5	+1.0	530.5	523.5	11,699	60,036
Jul	533.4	+1.0	536.0	529.0	349	12,630
Sep	538.5	+1.0	538.5	534.0	36	3,364
Dec	546.0	+1.1	545.5	543.0	176	5,317
Jan	549.0	+1.2	-	-	-	14
Total					12,526	90,202

ENERGY

■ CRUDE OIL NYMEX (1,000 barrels, $/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	20.28	-0.21	20.64	20.14	46,648	74,957
May	20.38	-0.17	20.65	20.29	36,741	63,172
Jun	20.38	-0.17	20.61	20.31	13,555	51,059
Jul	20.34	-0.10	20.55	20.25	4,950	24,486
Aug	20.20	-0.15	20.36	20.20	2,532	18,653
Sep	20.23	-0.06	20.25	20.12	1,510	14,023
Total					114,595	419,153

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	19.09	-0.19	19.28	19.02	20,049	37,804
May	19.04	-0.11	19.21	18.96	15,457	67,108
Jun	19.02	-0.05	19.20	18.92	2,859	23,517
Jul	18.98	-0.04	19.13	18.91	983	12,074
Aug	18.92	-0.05	18.97	18.92	132	6,268
Sep	18.94	+0.01	18.95	18.86	193	6,523
Total					na	na

■ HEATING OIL NYMEX (42,000 US galls; c/US galls)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	52.85	-0.23	53.30	52.60	12,402	34,984
May	53.30	-0.33	53.90	53.10	6,979	16,116
Jun	53.70	-0.23	54.20	53.60	1,663	13,486
Jul	54.20	-0.28	54.55	54.15	640	12,558
Aug	54.95	-0.13	55.00	54.70	514	7,581
Sep	56.10	-	-	-	146	5,099
Total					23,728	120,841

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	163.25	-3.75	165.50	162.25	11,851	15,777
Apr	165.25	-3.75	167.00	164.00	8,975	22,189
May	166.50	-3.00	167.75	166.00	1,561	6,253
Jun	168.50	-2.75	169.50	167.00	867	9,596
Jul	169.75	-2.75	170.50	169.25	479	3,595
Aug	171.25	-2.75	171.00	171.00	10	1,649
Total					17,889	71,400

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	1.915	-0.022	1.950	1.890	21,217	32,753
May	1.995	-0.030	2.025	1.975	9,431	22,508
Jun	2.015	-0.025	2.040	2.000	3,036	11,583
Jul	2.025	-0.020	2.050	2.010	973	11,100
Aug	2.030	-0.020	2.075	2.020	1,275	8,835
Sep	2.035	-0.020	2.055	2.025	948	7,864
Total					39,828	171,179

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Vol	Open int
Apr	63.85	-0.51	64.55	63.55	16,527	33,875
May	63.70	-0.39	64.40	63.40	11,762	20,909
Jun	63.10	-0.15	63.55	62.80	2,301	14,382
Jul	62.15	+0.10	62.35	62.00	898	8,397
Aug	60.70	+0.20	60.70	60.50	290	4,214
Sep	59.40	+0.45	59.40	59.10	342	2,300
Total					32,483	86,006

GRAINS AND OIL SEEDS

■ WHEAT LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	95.85	-0.85	96.00	95.75	21	200
May	97.85	-0.65	98.25	97.75	146	3,358
Jul	100.15	-0.55	100.50	100.00	104	1,152
Sep	91.80	-0.20	-	-	-	33
Nov	93.90	-0.20	93.95	93.50	94	2,008
Jan	95.90	-0.20	95.90	95.90	10	418
Total					426	7,318

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	381.00	+4.50	381.00	370.00	180	335
May	382.00	+2.75	383.00	373.00	3,851	26,245
Jul	372.00	+5.50	373.00	361.00	7,483	36,797
Sep	373.25	+4.25	374.00	363.00	230	3,936
Dec	383.00	+6.50	383.50	371.00	894	4,408
Mar	379.00	+2.50	379.00	376.00	-	75
Total					12,638	71,983

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	308.50	-3.50	312.00	306.50	6,368	18,673
May	305.75	-4.00	309.50	304.25	54,958	165,312
Jul	304.75	-3.50	306.00	302.50	24,066	107,595
Sep	290.25	-3.50	293.50	288.75	1,960	15,214
Dec	287.75	-3.75	291.00	286.25	14,225	71,679
Mar	293.00	-3.25	296.00	291.50	453	6,562
Total					102,424	389,701

■ BARLEY LIFFE (£ per tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	89.50	-	-	-	-	65
May	90.00	-0.60	90.60	90.00	8	135
Sep	90.25	-0.25	-	-	-	28
Nov	92.25	-0.25	-	-	-	400
Jan	94.25	-0.25	-	-	-	32
Total					8	660

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	861.75	-6.00	864.75	842.00	4,453	4,761
May	855.50	-4.50	866.00	845.00	54,028	69,023
Jul	858.00	-2.00	867.00	847.00	19,000	57,046
Aug	849.00	-2.00	856.75	838.00	2,393	7,569
Sep	788.25	-9.25	803.75	786.00	2,326	4,470
Nov	735.50	-8.00	746.00	731.00	12,354	29,496
Total					94,782	194,429

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	25.78	-0.24	25.94	25.56	5,229	4,404
May	26.17	-0.16	26.36	25.85	23,202	60,644
Jul	26.54	-0.19	26.74	26.31	7,954	29,044
Aug	26.65	-0.20	26.92	26.82	1,391	4,626
Sep	26.75	-0.21	26.95	26.55	948	3,222
Oct	26.85	-0.27	27.02	26.65	540	2,813
Total					41,789	114,872

■ SOYABEAN MEAL CBT (100 tons; $/ton)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	277.1	-4.9	282.0	275.5	3,127	7,658
May	273.8	-1.9	278.0	271.2	14,550	50,182
Jul	270.8	-1.0	275.5	267.5	7,384	29,069
Aug	264.0	-1.2	265.6	260.0	2,658	7,373
Sep	249.4	-3.8	252.0	246.0	958	4,990
Oct	229.0	-3.0	229.5	227.0	516	3,888
Total					33,141	112,289

■ POTATOES LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	50.5	-5.0	54.9	49.0	94	842
May	58.7	-5.3	60.0	56.0	50	277
Jun	66.0	-5.0	-	-	-	-
Nov	58.0	-6.0	-	-	-	2
Mar	93.0	-5.0	-	-	-	-
Apr	106.0	-1.0	106.0	106.0	19	670
Total					193	1,791

■ FREIGHT (BIFFEX) LIFFE ($10/index point)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1500	+10	1505	1485	67	564
Apr	1600	+10	1605	1565	116	1,254
May	1570	+21	1575	1540	90	299
Jul	1320	+2	1320	1310	31	696
Oct	1432	-3	1433	1430	12	216
Jan	1440	-5	-	-	-	47
Total					326	3,076

	Close	Prev
BFI	1445	1438

FUTURES DATA

All futures data supplied by CMS.

Minor Metals

European free market, from Metal Bulletin, $ per lb in warehouse, unless otherwise stated (last week's in brackets, where changed). Antimony: 99.65%, $ per tonne, 2,100-2,250 (2,200-2,350). Bismuth: min. 99.99%, tonne lots 2.80-3.15. Cadmium: min. 99.95%, cents a pound, 60.00-70.00. Cobalt: MB free market, min. 99.8%, 18.50-20.00 (18.50-19.50); min. 99.3%, 17.75-18.25 (17.20-17.80). Mercury: min. 99.99%, $ per 76 lb flask, 161-171. Molybdenum: drummed molybdic oxide, 4.40-4.55 (4.45-4.65). Selenium: min 99.5%, 2.40-3.20. Tungsten ore: standard min. 65%, $ per tonne unit (10kg) WO_3, cif, 45-55. Vanadium: min. 98%, cif, 3.90-4.08 (3.80-4.00). Uranium: Nuexco unrestricted exchange value, 12.50 (12.80).

SOFTS

■ COCOA LIFFE (£/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	997	+30	1000	990	22	1,375
May	1010	+29	1027	997	9,067	32,806
Jul	1012	+32	1028	1002	2,252	14,782
Sep	1016	+28	1030	1010	1,457	13,056
Dec	1019	+23	1035	1010	1,222	22,507
Mar	1033	+22	1049	1025	1,311	21,304
Total					16,983	128,636

■ COCOA CSCE (10 tonnes; $/tonnes)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1389	+59	1383	1345	36	138
May	1451	+59	1459	1408	16,529	27,793
Jul	1472	+59	1478	1430	2,983	19,386
Sep	1492	+52	1492	1454	1,067	11,461
Dec	1519	+51	1520	1481	1,197	7,209
Mar	1548	+50	1550	1513	240	17,422
Total					22,854	91,806

■ COCOA (ICCO) (SDR's/tonne)

	Price	Prev. day
Mar 10		
Daily	1050.29	1050.39

■ COFFEE LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	1786	+56	1806	1762	98	2,472
May	1765	+48	1825	1750	3,746	25,775
Jul	1760	+48	1820	1748	1,601	10,446
Sep	1745	+40	1800	1735	1,129	4,701
Nov	1720	+40	1750	1713	142	2,250
Jan	1700	+40	1705	1705	20	519
Total					6,737	46,175

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	219.00	+3.50	221.00	215.00	275	1,131
May	203.15	+3.85	205.40	198.25	9,870	22,751
Jul	186.35	+2.80	188.40	183.00	2,150	7,823
Sep	173.10	+2.20	174.50	170.50	554	4,546
Dec	156.40	+2.40	158.00	153.90	298	3,081
Mar	148.25	+3.00	147.00	146.00	35	736
Total					12,984	40,283

■ COFFEE (ICO) (US cents/pound)

		Prev. day
Mar 10		
Comp. daily	144.85	140.56
15 day average	132.18	131.09

■ WHITE SUGAR LIFFE ($/tonne)

	Sett price	Day's change	High	Low	Vol	Open int
May	306.8	-3.2	310.0	306.8	426	14,245
Aug	305.2	-3.2	308.2	307.0	30	4,489
Oct	301.0	-3.1	303.7	303.4	6	3,065
Dec	300.7	-2.2	302.9	302.9	2	893
Mar	302.0	-2.2	303.9	302.5	6	528
May	301.0	-1.2	-	-	-	159
Total					470	23,389

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	10.92	-0.11	11.07	10.89	8,538	74,780
Jul	10.85	-0.12	10.78	10.84	3,031	33,675
Oct	10.57	-0.12	10.70	10.57	1,611	24,790
Mar	10.56	-0.10	10.69	10.58	405	11,347
May	10.55	-0.08	10.66	10.55	63	1,910
Jul	10.55	-0.08	10.65	10.55	80	931
Total					13,748	147,811

■ COTTON NYCE (50,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
May	77.65	-0.30	77.95	77.50	21,129	35,198
Jul	78.41	-0.40	78.70	78.30	7,009	15,427
Oct	78.20	+0.10	78.20	77.85	114	1,402
Dec	78.25	+0.02	78.35	77.95	4,878	19,626
Mar	79.00	+0.13	79.00	78.85	144	1,351
May	79.37	+0.07	79.20	79.00	17	471
Total					33,291	67,837

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	83.40	-	84.85	83.00	105	413
May	81.55	-3.45	82.75	79.50	1,887	15,131
Jul	84.20	-3.00	85.50	82.50	498	5,124
Sep	86.20	-3.30	87.50	84.50	47	3,646
Nov	88.40	-3.10	90.00	88.00	1	1,023
Jan	90.00	-2.95	90.00	90.00	26	670
Total					2,687	26,341

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears. Volume & Open Interest totals are for all traded months.

INDICES

■ Reuters (Base: 18/9/31 = 100)

Mar 11	Mar 10	month ago	year ago
2012.4	2003.2	1954.8	2132.4

■ CRB Futures (Base: 1967 = 100)

Mar 10	Mar 7	month ago	year ago
247.19	245.37		

■ GSCI Spot (Base: 1970 = 100)

Mar 10	Mar 7	month ago	year ago
192.71	194.07	195.09	193.66

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	68.700	+1.000	68.750	67.750	9,056	39,618
Jun	65.150	+0.500	65.200	64.650	4,003	23,497
Aug	63.600	+0.250	63.875	63.450	2,120	19,835
Oct	67.100	+0.225	67.400	66.950	1,096	14,571
Dec	69.125	+0.175	69.375	68.950	723	6,791
Feb	70.375	+0.175	70.450	70.150	117	2,860
Total					17,122	107,782

■ LEAN HOGS CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Apr	69.175	-0.925	70.575	68.900	3,614	12,739
Jun	76.225	-0.600	77.125	75.650	2,899	10,481
Jul	74.675	-0.575	75.550	74.225	394	2,704
Aug	71.675	-0.500	72.450	71.400	355	2,325
Oct	65.750	-0.300	66.175	65.250	140	1,453
Dec	63.800	-0.450	64.350	63.700	19	865
Total					7,297	31,076

■ PORK BELLIES CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Vol	Open int
Mar	75.475	+1.150	75.650	74.000	449	497
May	76.500	+0.825	76.900	75.100	2,088	5,201
Jul	76.300	+0.525	76.800	74.900	488	1,458
Aug	73.750	+0.050	74.250	73.250	98	542
Feb	67.550	+0.950	67.550	66.900	2	-
Total					3,125	7,698

LONDON TRADED OPTIONS

Strike price $ tonne — Calls — — Puts —

■ ALUMINIUM (99.7%) LME

	Apr	Jul	Apr	Jul
1600	68	109	12	34
1650	36	79	30	54
1700	16	56	59	79

■ COPPER (Grade A) LME

	Apr	Jul	Apr	Jul
2300	123	96	12	107
2400	56	58	45	167
2500	19	33	107	240

■ COFFEE LIFFE

	May	Jul	May	Jul
1650	169	228	54	118
1700	139	201	74	141
1750	112	177	97	167

■ COCOA LIFFE

	May	Jul	May	Jul
950	69	86	9	24
975	51	70	16	33
1000	36	58	26	46

■ BRENT CRUDE IPE

	Apr	May	Apr	May
1900	15	64	8	64
1950	8	44	-	-
2000	4	27	-	-

LONDON SPOT MARKETS

■ CRUDE OIL FOB (per barrel)

		+or-
Dubai	$17.59-7.80w	-0.285
Brent Blend (dated)	$18.52-8.54	-0.55
Brent Blend (Apr)	$18.94-8.96	-0.48
W.T.I.	$20.10-0.12w	-0.675

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$211-213	-2
Gas Oil	$165-167	-3.5
Heavy Fuel Oil	$80-81	-0.5
Naphtha	$194-198	-0.5
Jet fuel	$189-190	-2.5
Diesel	$176-178	-2

■ NATURAL GAS (Pence/therm)

Bacton (Mar)	9.80-10.00	-0.10

Petroleum Argus. Tel. London (0171) 359 8792

IPE (Apr)	9.835	-0.065

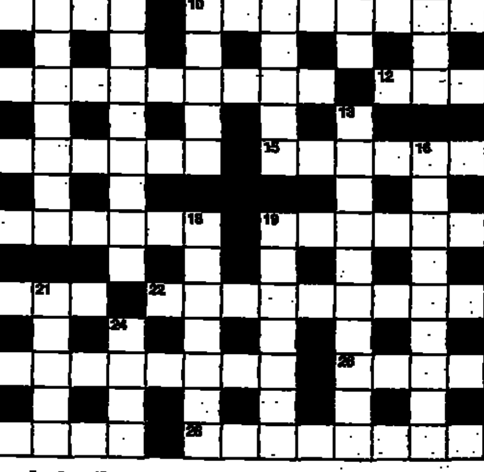
■ OTHER

Gold (per troy oz)♣	$351.16	+2.10
Silver (per troy oz)♣	523.00c	+4.00
Platinum (per troy oz.)	$383.25	+5.00
Palladium (per troy oz.)	$157.50	+6.50
Copper	121.0c	
Lead (US prod.)	45.00c	
Tin (Kuala Lumpur)	14.27r	
Tin (New York)	272.50	-1.00
Cattle (live weight)	98.46p	-2.34*
Sheep (live weight)	149.38p	+4.16*
Pigs (live weight)†	84.92p	+1.18*
Lon. day sugar (raw)	$275.00	+1.10
Lon. day sugar (wte)	$312.00	+1.30
Barley (Eng. feed)	Unq	
Maize (US No3 Yellow)	£109.00	
Wheat (US Dark North)	Unq	
Rubber (Apr)♥	79.75p	
Rubber (May)♥	79.75p	
Rubber (KL RSS No1)	308.0x	+0.5
Coconut Oil (Phil)§	752.5y	-5.0
Palm Oil (Malay.)§	570.0	+10.0
Copra (Phil)§	$495.0y	
Soyabeans (US)	235.0	+10.0
Cotton Outlook'A' index	82.35	+0.75
Wooltops (64s Super)	418p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. w Apr y Apr/May♥ London Physical. § CIF Rotterdam. ♣ Bullion market close. * Change on week. †Based on 3,569 head of pigs sold.

CROSSWORD

No.9,322 Set by CINEPHILE



C stands for the same word wherever it occurs in the clues

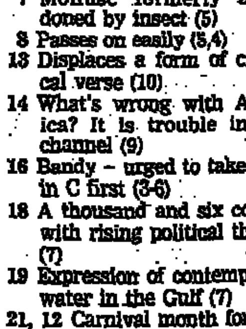
ACROSS

1 Spooner's firm rule has the luck of the draw (4,5)
6 Throw out old cross (5)
9 Church garment takes most of small house (5)
10 I'm not in at C, and I'm self employed (9)
11 What Cs do when in condition is awfully lurid (10)
12, 14 Rotten rags lead customer to something like C (11)
15 Part of the use biographer makes of footballer (7)
17 No way drink can be a supposed remedy (7)
19 Prime minister's unadorned success (7)
20 All quiet at the reservoir (4)
22 Cs jump and trot wildly about – period (10)
25 Fresh air in Zermatt endlessly used by Dante (5,4)
26 Risk losing head by being cross (5)
27 Mistakes at C (5)
28 Complex fellow, Eddy is – mixed up (4-5)

DOWN

1 Place for most of C's relative (5)
2 Well-known, and not with golden accounts (9)
3 Saint with a role: don't join in (5,5)
4 Governor imprisons very loud annoying person (7)
5 Twist together in bad weather (7)
6 Extended far out of reach at C (4)
7 Mollusc formerly abandoned by insect (5)
8 Passes on easily (5,4)
13 Displaces a form of classical verse (10)
14 What's wrong with America? It is trouble in the channel (9)
16 Bandy – urged to take part in C first (3-6)
18 A thousand and six collide with rising political theory (7)
19 Expression of contempt for water in the Gulf (7)
21, 12 Carnival month for artist in lodgings (5,4)
23 Assistance surrounds beginners of C sharp (5)
24 Takes part in C, being crazy (4)

Solution 9,321



CURRENCIES AND MONEY

Traders seek new forex trends

MARKETS REPORT

By Simon Kuper

Sterling rallied yesterday after plummeting more than 4 pfennigs in two days. But the market was mainly quiet as traders searched for new trends on leading currencies.

The pound gained 0.9 pfennigs against the D-Mark to close in London at DM2.737.

The dollar seesawed against the yen, falling as Japanese machinery orders for January emerged strong but rising on reports of a nuclear accident in Japan. Traders said there was buying of the dollar on dips, and the currency found support against the D-Mark at DM1.6980. The dollar also benefited as the yield gap between US and German ten-year bonds widened to above 100 basis points. The US currency ended the day fractionally firmer against both the D-Mark and the yen, at DM1.705 and Y121.9. "The markets are consolidating," said Mr Joe Prendergast, foreign exchange strategist at Merrill Lynch in London. He said the German and Japanese economic recoveries were now clearly underway but still fragile.

French and German officials insisted that European monetary union would happen on time, but traders shrugged off the comments. The officials were responding to market talk of recent weeks that Emu will be delayed. Several of the officials said that countries could deviate slightly from the fiscal criteria laid down for Emu qualification. Mr Guntram Palm, a Bundesbank council member, called speculation about an Emu delay "totally misplaced".

■ Pound in New York

Mar 11	—Latest—	— Prev. close —
£ spot	1.6050	1.6035
1 mth	1.6045	1.6026
3 mth	1.6025	1.6010
1 yr	1.5970	1.5949

The Bank of France was seen selling French francs in the market, to smooth the currency's rise from the bottom of the European monetary system's grid. The lira, which softened slightly, took last place in the grid.

■ It is rare to see the Bank of France selling francs. It did so yesterday when the franc rose against the D-Mark to FFr3.3712, near its ceiling of virtually all of 1996. The franc ended the day at FFr3.372 against the D-Mark, up from FFr3.373 on Monday. Foreign exchange strategists predict that the currency will probe higher.

The main spur for the franc's rise is that it had fallen to the bottom of the European monetary system grid. At one point last week it stood 12 per cent below its central rate against the Irish punt, the grid's strongest currency.

That prompted franc buying. Most people in the market still expect Emu to happen on time. They expect the franc to be part of Emu's first wave, as France is more likely than Germany to meet the qualification criteria. French economic data have improved of late, and 4CAST, the economic consultancy, points out that French stocks have surged this year with many foreign buyers.

"If you think Emu will go ahead, you want to buy the weakest of the core currencies," one strategist said yesterday. "And the French franc has liquidity."

Since Friday hedge funds and investment banks have been buying francs for D-Marks, lira and Irish punts. The strategist predicts that the franc will rise to nearer its central rate within the European exchange rate mechanism of FFr3.3538 against the D-Mark. That level is the ultimate target for the present buyers of the franc, although the first key tests are at FFr3.370 and FFr3.3680 to the D-Mark.

For the Bank of France may well resist a rising franc. 4CAST believes the bank will let the currency firm, but that it will try to prevent volatile moves.

■ The chart accompanying this report shows how closely the dollar/yen rate has tracked moves in the US-Japanese trade balance over the last decade.

When Japan's trade surplus with the US rises, the yen also rises. When the surplus falls, as it has for most of the last two years, the yen falls too.

In recent days the yen's fall seems to have stalled and the currency has traded in a tight range against the dollar. Deutsche Morgan Grenfell, which provided the chart, says history suggests the yen may now rally against the dollar as Japan's trade surplus with the US grows. Because of the yen's long slide, the surplus is predicted to keep rising in coming months.

■ OTHER CURRENCIES

Mar 11	£	$
Czech Rp	48.7027 - 48.7647	29.1050 - 29.1260
Hungary	284.034 - 284.239	176.990 - 177.030
Iran	4816.80 - 4814.40	3000.00 - 3000.00
Kuwait	0.4874 - 0.4881	0.3037 - 0.3040
Poland	4.9492 - 4.9549	3.0840 - 3.0860
Russia	9129.71 - 9137.47	5688.00 - 5691.00
U.A.E.	5.8896 - 5.8990	3.6700 - 3.6740

POUND SPOT FORWARD AGAINST THE POUND

Mar 11		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	Bank of Eng. Index
Europe													
Austria	(Sch)	19.2675	+0.0864	587 - 762	19.2857	19.1447	19.224	2.7	19.1675	2.1	-	-	103.6
Belgium	(BFr)	56.4870	+0.2076	408 - 332	56.5332	56.1230	56.362	2.7	56.102	2.7	54.777	3.0	103.5
Denmark	(DKr)	10.4394	+0.0349	352 - 436	10.4457	10.3715	10.4174	2.5	10.3739	2.5	10.1639	2.6	105.7
Finland	(FM)	8.1739	+0.0341	670 - 807	8.2300	8.1170	-	-	-	-	-	-	83.2
France	(FFr)	9.2295	+0.0277	260 - 330	9.2371	9.1760	9.2073	2.9	9.1637	2.9	8.9466	3.1	106.4
Germany	(DM)	2.7377	+0.0094	365 - 388	2.7422	2.7193	2.731	2.9	2.7175	2.9	2.6508	3.2	105.1
Greece	(Dr)	429.231	+0.704	027 - 434	432.696	424.674	-	-	-	-	-	-	65.5
Ireland	(I£)	1.0289	+0.0004	281 - 296	1.0309	1.0254	1.0286	0.3	1.0277	0.5	1.0211	0.8	102.5
Italy	(L)	2724.89	+12.74	375 - 603	2726.28	2705.53	2728.39	-1.5	2738.24	-1.2	2736.04	-0.4	76.0
Luxembourg	(LFr)	56.4870	+0.2076	408 - 332	56.5332	56.1230	56.362	2.7	56.102	2.7	54.777	3.0	103.5
Netherlands	(Fl)	3.0618	+0.0106	604 - 632	3.0652	3.0424	3.0737	3.2	3.0573	3.1	2.9894	3.2	102.5
Norway	(NKr)	10.9406	+0.004	364 - 451	11.0210	10.8847	10.9183	2.7	10.8878	2.7	10.6423	2.7	102.5
Portugal	(Es)	274.730	+0.842	577 - 879	276.276	273.023	274.87	-0.6	275.155	-0.6	-	-	94.7
Spain	(Pta)	232.355	+0.96	215 - 491	233.475	230.875	232.487	-0.7	232.383	0.0	230.875	0.6	77.7
Sweden	(SKr)	12.2651	+0.0723	470 - 831	12.2831	12.1925	12.2361	1.9	12.1986	1.9	12.0006	2.1	84.5
Switzerland	(SFr)	2.3672	+0.0085	658 - 686	2.3708	2.3553	2.3594	4.5	2.3405	4.5	2.2669	4.7	102.5
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	87.5
Ecu	-	1.4079	+0.0037	071 - 087	1.4126	1.4021	1.4057	1.9	1.401	2.0	1.3759	2.3	-
SDR†	-	1.167430	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.6049	+0.0033	045 - 053	1.6075	1.5999	-	-	-	-	-	-	-
Brazil	(R$)	1.6911	+0.0049	905 - 917	1.6924	1.6845	-	-	-	-	-	-	-
Canada	(C$)	2.1932	-0.0027	922 - 941	2.2065	2.1913	2.1873	3.2	2.1786	3.0	2.132	2.8	83.7
Mexico	(New Peso)	12.8183	+0.0748	079 - 287	12.8287	12.7440	-	-	-	-	-	-	-
USA	($)	1.6052	+0.0033	048 - 056	1.6078	1.6002	1.6043	0.7	1.6025	0.7	1.5957	0.6	104.0
Pacific/Middle East/Africa													
Australia	(A$)	2.0024	-0.0075	242 - 265	2.0367	2.0214	2.0253	0.1	2.0245	0.2	2.0204	0.2	99.0
Hong Kong	(HK$)	12.4291	+0.026	152 - 330	12.4489	12.3924	12.4245	0.4	12.4135	0.5	12.3734	0.4	-
India	(Rs)	57.3394	+0.1041	000 - 788	57.6270	57.4050	-	-	-	-	-	-	-
Israel	(Shk)	5.4048	+0.024	985 - 110	5.4110	5.3770	-	-	-	-	-	-	-
Japan	(Y)	195.602	+0.889	481 - 723	195.930	194.180	194.632	6.0	192.772	5.8	184.162	5.8	124.5
Malaysia	(M$)	3.9705	+0.0011	687 - 723	3.9798	3.9629	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.2826	+0.0029	806 - 843	2.2801	2.2752	2.2855	-1.5	2.2906	-1.4	2.3108	-1.2	116.6
Philippines	(Peso)	42.2329	+0.0781	062 - 995	42.2995	42.2851	-	-	-	-	-	-	-
Saudi Arabia	(SR)	6.0203	+0.0126	185 - 220	6.0297	6.0040	-	-	-	-	-	-	-
Singapore	(S$)	2.2991	+0.0044	981 - 000	2.3016	2.2914	-	-	-	-	-	-	-
South Africa	(R)	7.1119	+0.0109	077 - 160	7.1160	7.0710	-	-	-	-	-	-	-
South Korea	(Won)	1410.17	+8.55	681 - 373	1413.73	1404.50	-	-	-	-	-	-	-
Taiwan	(T$)	44.1751	+0.0921	320 - 182	44.2402	44.0375	-	-	-	-	-	-	-
Thailand	(Bt)	41.8549	+0.1109	365 - 733	41.7190	41.5280	-	-	-	-	-	-	-

† Rates for Mar 7. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1990 = 100. Index rebased 1/2/95. Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 11		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	One month %PA	Three months Rate	Three months %PA	One year Rate	One year %PA	J.P. Morgan Index
Europe													
Austria	(Sch)	12.0032	+0.0157	007 - 058	12.0170	11.9550	11.9885	1.5	11.9432	2.0	11.7482	2.1	103.4
Belgium	(BFr)	35.1900	+0.056	700 - 100	35.2370	35.0460	35.13	2.0	35.0025	2.1	34.4625	2.1	103.5
Denmark	(DKr)	6.5035	+0.0082	025 - 045	6.5107	6.4754	6.4946	1.6	6.4762	1.7	6.3945	1.7	105.1
Finland	(FM)	5.0921	+0.0106	881 - 961	5.1304	5.0689	5.0833	2.1	5.0646	2.2	4.9821	2.2	82.8
France	(FFr)	5.7498	+0.0053	490 - 505	5.7582	5.7292	5.7391	2.2	5.7181	2.2	5.6096	2.4	105.9
Germany	(DM)	1.7055	+0.0023	052 - 058	1.7079	1.6992	1.7023	2.2	1.6958	2.1	1.6627	2.5	104.8
Greece	(Dr)	267.400	-0.12	340 - 460	268.480	265.090	268.955	-7.0	271.525	-6.2	282.55	-5.7	66.1
Ireland	(I£)	1.5600	+0.0028	595 - 610	1.5636	1.5564	1.5599	0.3	1.5593	0.3	1.5606	0.0	-
Italy	(L)	1697.60	+4.4	725 - 795	1698.80	1688.75	1700.6	-2.1	1705.45	-1.8	1715.25	-1.0	75.8
Luxembourg	(LFr)	35.1900	+0.056	700 - 100	35.2370	35.0460	35.13	2.0	35.0025	2.1	34.4625	2.1	103.5
Netherlands	(Fl)	1.9199	+0.0028	195 - 203	1.9227	1.9123	1.9161	2.4	1.9081	2.5	1.8725	2.5	102.9
Norway	(NKr)	6.8158	+0.0018	149 - 168	6.8568	6.7885	6.8121	0.7	6.8084	0.6	6.7808	0.5	101.6
Portugal	(Es)	171.150	+0.23	100 - 200	172.030	170.460	171.28	-0.9	171.43	-0.7	171.155	0.0	95.1
Spain	(Pta)	144.750	+0.25	700 - 800	144.800	144.150	144.84	-0.8	144.96	-0.6	144.755	0.0	77.5
Sweden	(SKr)	7.6348	+0.0291	315 - 377	7.6410	7.5805	7.6318	0.4	7.622	0.7	7.5748	0.8	84.8
Switzerland	(SFr)	1.4747	+0.0024	742 - 752	1.4770	1.4693	1.4699	3.9	1.4605	3.9	1.4149	4.1	102.3
UK	(£)	1.6052	+0.0033	048 - 056	1.6078	1.6002	1.6043	0.7	1.6025	0.7	1.5957	0.6	97.0
Ecu	-	1.1402	-0.0006	398 - 405	1.1425	1.1370	1.1414	-1.2	1.1439	-1.3	1.1592	-1.7	-
SDR†	-	0.72683	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9996	-0.0001	995 - 996	0.9998	0.9996	-	-	-	-	-	-	-
Brazil	(R$)	1.0535	+0.0008	534 - 536	1.0536	1.0529	-	-	-	-	-	-	-
Canada	(C$)	1.3663	-0.0046	660 - 665	1.3715	1.3655	1.3635	2.5	1.3582	2.4	1.3398	2.2	85.2
Mexico	(New Peso)	7.9855	+0.03	810 - 900	7.9900	7.9760	8.1035	-17.7	8.37	-19.3	9.2305	-15.6	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	104.8
Pacific/Middle East/Africa													
Australia	(A$)	1.2618	-0.0073	614 - 621	1.2632	1.2614	1.2625	-0.7	1.2633	-0.5	1.2698	-0.5	100.6
Hong Kong	(HK$)	7.7430	-	425 - 435	7.7436	7.7425	7.7429	0.0	7.7435	0.0	7.7545	-0.1	-
India	(Rs)	35.8400	-0.01	300 - 500	35.8600	35.8300	36.08	-7.2	36.52	-7.5	-	-	-
Israel	(Shk)	3.3671	+0.008	640 - 701	3.3701	3.3577	-	-	-	-	-	-	-
Japan	(Y)	121.855	+0.175	810 - 900	122.080	121.250	121.32	5.3	120.285	5.1	115.495	5.2	125.4
Malaysia	(M$)	2.4736	-0.0014	730 - 740	2.4775	2.4725	2.4764	-1.4	2.4817	-1.3	2.508	-1.2	-
New Zealand	(NZ$)	1.4220	-0.0012	213 - 227	1.4227	1.4213	1.4243	-1.9	1.4286	-1.9	1.4493	-1.9	-
Philippines	(Peso)	26.3225	-0.0075	000 - 450	26.3450	26.3000	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7505	-	503 - 508	3.7506	3.7503	3.7508	-0.1	3.7512	-0.1	3.7531	-0.1	-
Singapore	(S$)	1.4323	-0.0002	320 - 325	1.4335	1.4305	1.4301	1.8	1.4256	1.9	1.4043	2.0	-
South Africa	(R)	4.4305	-0.0025	290 - 320	4.4320	4.4125	4.4712	-11.0	4.5482	-10.4	4.861	-9.7	-
South Korea	(Won)	878.500	+3.5	500 - 500	880.500	876.500	-	-	-	-	-	-	-
Taiwan	(T$)	27.5200	-	000 - 400	27.5400	27.5000	27.5201	0.0	27.5203	0.0	-	-	-
Thailand	(Bt)	25.9500	+0.015	450 - 550	25.9550	25.9370	26.04	-4.2	26.2075	-4.0	26.845	-3.4	-

† SDR rate per $ for Mar 7. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan nominal indices Mar 7: Base average 1990=100.

WORLD INTEREST RATES

MONEY RATES

March 11	Over night	One month	Three mths	Six mths	One year	Lomb. Inter.	Dis. rate	Repo rate
Belgium	3 9/32	3 11/32	3 1/2	3 1/2	3 1/2	6.00	2.50	-
France	3 1/4	3 1/4	3 1/4	3 3/8	3 13/32	3.10	-	4.75
Germany	3 3/16	3 1/4	3 1/4	3 5/16	3 13/32	4.50	2.50	3.00
Ireland	5 7/8	5 13/16	5 27/32	5 29/32	5 29/32	-	-	6.25
Italy	7 1/4	7 5/16	7 5/32	7 3/32	6 31/32	8.25	6.75	7.35
Netherlands	3 1/16	3 3/32	3 7/32	3 11/32	3 9/16	-	3.00	3.30
Switzerland	1 3/4	1 13/16	1 11/16	1 11/16	1 13/16	-	1.00	-
US	5 1/4	5 3/8	5 5/8	5 3/4	5 7/8	-	5.00	-
Japan	15/32	15/32	15/32	1/2	19/32	-	0.50	-
■ $ LIBOR FT London								
Interbank Fixing	-	5 7/16	5 9/16	5 3/4	6	-	-	-
US Dollar CDs	-	5.18	5.25	5.35	5.61	-	-	-
ECU Linked Ds	-	4 7/32	4 7/32	4 1/4	4 11/32	-	-	-
SDR Linked Ds	-	3 1/16	3 3/4	3 1/16	3 13/32	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo Mitsubishi, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US$ CDs, ECU & SDR Linked Deposits (Ds).

EURO CURRENCY INTEREST RATES

Mar 11	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	3 1/8 - 3	3 19/32 - 3 1/2	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3 15/32 - 3 11/32	3 17/32 - 3 13/32
Danish Krone	3 7/16 - 3 5/16	3 19/32 - 3 1/2	3 5/8 - 3 1/2	3 23/32 - 3 19/32	3 29/32 - 3 3/4	3 7/8 - 3 23/32
German Mark	3 1/4 - 3 1/8	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3 11/32 - 3 7/32	3 15/32 - 3 1/4
Dutch Guilder	3 1/8 - 3 1/16	3 1/8 - 3	3 3/16 - 3 1/16	3 1/4 - 3 1/8	3 3/8 - 3 1/4	3 13/32 - 3 9/32
French Franc	3 1/4 - 3 1/8	3 5/16 - 3 3/16	3 13/32 - 3 9/32	3 3/8 - 3 1/4	3 7/16 - 3 5/16	3 15/32 - 3 11/32
Portuguese Esc.	6 1/4 - 6 1/8	6 3/16 - 6 1/16	6 13/32 - 6 1/4	6 3/16 - 6 1/16	6 1/32 - 6	6 1/16 - 5 31/32
Spanish Peseta	5 19/32 - 5 15/32	5 19/32 - 5 15/32	5 19/32 - 5 15/32	5 21/32 - 5 17/32	5 19/32 - 5 15/32	5 23/32 - 5 5/8
Sterling	6 - 5 13/16	6 - 5 7/8	6 1/32 - 6	6 3/16 - 6 1/16	6 3/8 - 6 1/4	6 19/32 - 6 15/32
Swiss Franc	2 - 1 1/2	2 1/16 - 1 15/16	2 - 1 7/8	1 29/32 - 1 25/32	1 7/8 - 1 5/8	1 13/16 - 1 11/16
Canadian Dollar	3 - 2 13/16	3 1/16 - 2 7/8	3 1/16 - 2 15/16	3 3/16 - 3 1/16	3 3/8 - 3 1/4	3 17/32 - 3 13/32
US Dollar	5 3/8 - 5 1/4	5 13/32 - 5 1/4	5 15/32 - 5 11/32	5 19/32 - 5 7/16	5 13/16 - 5 11/16	6 - 5 27/32
Italian Lira	7 17/32 - 6 29/32	7 3/8 - 7 1/8	7 3/8 - 7 3/16	7 11/32 - 7 1/4	7 3/16 - 7 1/16	7 - 6 27/32
Japanese Yen	17/32 - 1/2	17/32 - 13/32	7/16 - 11/32	7/16 - 5/16	1/2 - 3/8	11/16 - 19/32
Asian $Sing	2 7/8 - 2 3/4	3 - 2 7/8	3 - 2 7/8	3 5/16 - 3 3/16	3 1/4 - 3 1/8	3 7/16 - 3 5/16

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.62	96.63	+0.02	96.64	96.62	6,587	41,762
Jun	96.55	96.56	+0.02	96.58	96.55	17,797	65,832
Sep	96.42	96.47	+0.03	96.49	96.42	8,026	42,597

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Apr	96.72	96.73	-	96.74	96.72	150	7306
Jun	96.71	96.72	+0.01	96.74	96.71	30094	197089
Sep	96.61	96.61	+0.01	96.64	96.60	26839	173136
Dec	96.42	96.43	+0.01	96.48	96.42	27137	188812

■ ONE MONTH EUROMARK FUTURES (LIFFE)* DM3m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	-	96.71	-	-	-	0	19015
Apr	96.76	96.75	-0.01	96.76	96.75	149	4516
May	96.78	96.78	-	96.78	96.78	100	3997
Jun	-	96.78	-	-	-	0	510

■ THREE MONTH EUROLIRA FUTURES (LIFFE)* L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	92.74	92.68	-0.03	92.75	92.67	5529	81237
Jun	93.14	93.06	-0.06	93.16	93.04	14547	102815
Sep	93.43	93.29	-0.12	93.46	93.28	8372	47877
Dec	93.53	93.38	-0.12	93.55	93.37	5965	34139

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	98.13	98.09	-0.03	98.15	98.09	2669	28221
Jun	98.15	98.10	-0.04	98.18	98.10	13948	37531
Sep	98.14	98.06	-0.08	98.16	98.05	3222	20584
Dec	98.02	97.94	-0.08	98.04	97.94	2035	14035

■ THREE MONTH EUROYEN FUTURES (LIFFE) Y100m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.44	99.44	-0.01	99.44	99.44	240	n/a
Jun	99.41	99.41	+0.01	99.41	99.41	3000	n/a
Sep	99.31	99.31	+0.01	99.31	99.31	500	n/a

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.75	95.73	-0.01	95.76	95.72	1047	8693
Jun	95.77	95.74	-0.01	95.78	95.73	1115	7243
Sep	95.74	95.71	-0.01	95.75	95.70	502	4484
Dec	95.68	95.67	-0.01	95.74	95.67	228	4686

* LIFFE futures also traded on APT

■ EUROLIRA OPTIONS (LIFFE) L1000m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9250	0.18	0.64	0.92	0	0.08	0.13
9275	0.02	0.45	0.73	0.09	0.14	0.19
9300	0	0.29	0.56	0.32	0.23	0.27

Est. vol. total, Calls 2618 Puts 2369. Previous day's open int., Calls 180561 Puts 93885

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 11		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.48	16.34	4.846	1.820	4825	5.457	19.37	486.4	411.3	21.69	4.191	1.771	3.883	2.842	346.3	2.491
Denmark	(DKr)	54.10	10	8.840	2.622	0.985	2610	2.952	10.48	263.1	222.5	11.73	2.267	0.958	2.101	1.537	187.4	1.348
France	(FFr)	61.20	11.31	10	2.966	1.114	2953	3.339	11.85	297.6	251.7	13.27	2.565	1.084	2.376	1.739	211.9	1.525
Germany	(DM)	20.64	3.814	3.372	1	0.376	995.6	1.126	3.997	100.4	84.87	4.476	0.865	0.365	0.801	0.586	71.47	0.514
Ireland	(I£)	54.94	10.16	8.978	2.662	1	2651	2.998	10.64	267.2	226.0	11.92	2.303	0.973	2.133	1.561	190.3	1.369
Italy	(L)	2.073	0.383	0.339	0.100	0.038	100.	0.113	0.401	10.08	8.525	0.450	0.087	0.037	0.080	0.059	7.178	0.052
Netherlands	(Fl)	18.33	3.387	2.994	0.888	0.334	884.2	1	3.550	89.13	75.37	3.975	0.768	0.324	0.712	0.521	63.47	0.457
Norway	(NKr)	51.63	9.543	8.438	2.502	0.940	2491	2.817	10	251.1	212.3	11.20	2.164	0.914	2.005	1.467	178.8	1.286
Portugal	(Es)	20.56	3.801	3.360	0.996	0.374	992.0	1.122	3.983	100.	84.56	4.459	0.862	0.364	0.798	0.584	71.20	0.512
Spain	(Pta)	24.31	4.494	3.973	1.178	0.443	1173	1.327	4.709	118.3	100.	5.273	1.019	0.430	0.944	0.691	84.20	0.606
Sweden	(SKr)	46.11	8.522	7.534	2.234	0.839	2224	2.516	8.931	224.2	189.6	10	1.932	0.816	1.790	1.310	159.7	1.149
Switzerland	(SFr)	23.86	4.411	3.899	1.156	0.434	1151	1.302	4.622	116.1	98.14	5.175	1	0.422	0.926	0.678	82.64	0.594
UK	(£)	56.48	10.44	9.229	2.737	1.028	2725	3.082	10.94	274.7	232.3	12.25	2.367	1	2.193	1.605	195.6	1.407
Canada	(C$)	25.75	4.761	4.208	1.248	0.469	1243	1.405	4.989	125.3	105.9	5.586	1.079	0.456	1	0.732	89.19	0.642
US	($)	35.19	6.505	5.750	1.705	0.640	1698	1.920	6.816	171.2	144.7	7.632	1.475	0.623	1.366	1	121.9	0.877
Japan	(Y)	28.88	5.337	4.718	1.399	0.526	1393	1.576	5.593	140.4	118.8	6.263	1.210	0.511	1.121	0.821	100.	0.719
Ecu		40.14	7.420	6.559	1.945	0.731	1937	2.190	7.775	195.2	165.1	8.706	1.682	0.711	1.559	1.141	139.0	1

Danish Kroner, French Franc, Norwegian Kroner, and Swedish Kronor per 10; Belgian Franc, Yen, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5880	0.5860	-0.0022	0.5868	0.5859	57,693	72,692
Jun	0.5912	0.5893	-0.0021	0.5901	0.5891	28,737	41,534
Sep	-	0.5958	-	-	0.5935	75	2,626

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.8225	0.8205	-0.0023	0.8226	0.8205	43,549	54,982
Jun	0.8337	0.8308	-0.0026	0.8334	0.8308	26,283	32,752
Sep	0.8437	0.8437	-0.0009	0.8437	0.8437	88	729

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6800	0.6787	-0.0016	0.6813	0.6773	33,196	32,731
Jun	0.6865	0.6842	-0.0023	0.6853	0.6842	22,374	26,085
Sep	-	0.6923	-	-	0.6912	9	1,894

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.6042	1.6030	-0.0008	1.6056	1.6030	21,706	29,604
Jun	1.6010	1.6004	-0.0008	1.6024	1.6004	15,977	17,526
Sep	1.5950	1.6000	+0.0012	1.5962	1.5950	22	1,244

UK INTEREST RATES

LONDON MONEY RATES

Mar 11	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	6 3/8 - 5 3/4	6 1/16 - 5 7/8	6 1/16 - 5 29/32	6 1/4 - 6 1/8	6 7/16 - 6 5/16	6 21/32 - 6 9/16
Sterling CDs	-	-	6 1/32 - 5 31/32	6 1/8 - 6 1/16	6 3/32 - 6 7/32	6 5/8 - 6 9/16
Treasury Bills	-	-	5 7/8 - 5 3/4	6 - 5 15/16	-	-
Bank Bills	-	-	5 15/16 - 5 7/8	5 31/32 - 5 29/32	6 3/16 - 6 1/16	-
Local authority deps.	5 13/16 - 5 11/16	5 15/16 - 5 13/16	6 1/16 - 5 15/16	6 3/16 - 6 1/16	6 13/32 - 6 5/16	6 19/32 - 6 15/32
Discount Market deps	5 7/8 - 5 3/4	5 7/8 - 5 3/4	-	-	-	-

UK clearing bank base lending rate 6 per cent from October 30, 1996

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	2 1/2	5 1/2	5	5	4 3/4

Certs of Tax dep. under £100,000 is 2 1/2pc. Deposits withdrawn for cash 1 1/4pc.
Ave. tender rate of discount on Feb 28, 5.7574pc. ECGD fixed rate Stlg. Export Finance. Make up day Feb 28, 1997. Agreed rate for period Mar 26, 1997 to Apr 21, 1997, Scheme III 7.58pc. Reference rate for period Feb 1, 1997 to Feb 28, 1997, Schemes IV & V 6.288pc. Finance House Base Rate 6 1/2pc from Mar 1, 1997

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.75	93.75	-	93.76	93.75	4714	87881
Jun	93.62	93.61	+0.01	93.66	93.61	23247	132596
Sep	93.43	93.49	+0.02	93.48	93.42	28979	93758
Dec	93.29	93.28	+0.01	93.35	93.27	19032	85701
Mar	93.17	93.15	-0.01	93.24	93.15	6604	47057

Also traded on APT. All Open Interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9375	0.02	0.06	0.09	0.02	0.20	0.40
9400	0	0.01	0.03	0.25	0.40	0.60
9425	0	0	0.01	0.50	0.64	0.83

Est. vol. total, Calls 5216 Puts 6455. Previous day's open int., Calls 229498 Puts 190064

BASE LENDING RATES

	%		%		%
Adam & Company	6.00	Duncan Lawrie	6.00	Royal Bk of Scotland	6.00
Allied Irish Bank (GB)	6.00	Exeter Bank Limited	7.00	●Singer & Friedlander	6.00
●Henry Ansbacher	6.00	Financial & Gen Bank	7.00	●Smith & Williamson Secs	6.00
Bank of Baroda	6.00	●Robert Fleming & Co	6.00	Scottish Widows Bank	6.00
Banco Bilbao Vizcaya	6.00	●Guinness Mahon	6.00	TSB	6.00
Bank of Cyprus	6.00	Habib Bank AG Zurich	6.00	United Bank of Kuwait	6.00
Bank of Ireland	6.00	●Hambros Bank	6.00	Unity Trust Bank Plc	6.00
Bank of India	6.00	Heritable & Gen Inv Bk	6.00	Western Trust	6.00
Bank of Scotland	6.00	●Hill Samuel	6.0	Whiteaway Laidlaw	6.00
Barclays Bank	6.00	C. Hoare & Co	6.00	Yorkshire Bank	6.00
Brit Bk of Mid East	6.00	Hongkong & Shanghai	6.00		
●Brown Shipley & Co Ltd	6.00	Investec Bank (UK) Ltd	6.00	● Members of London Investment Banking Association	
Citibank NA	6.00	Julian Hodge Bank	6.00	* In administration	
Clydesdale Bank	6.00	●Leopold Joseph & Sons	6.00		
The Co-operative Bank	6.00	Lloyds Bank	6.00		
Coutts & Co	6.00	Midland Bank	6.00		
Cyprus Popular Bank	6.00	NatWestminster	6.00		
		●Rea Brothers	6.00		

EMS EUROPEAN CURRENCY UNIT RATES

Mar 11	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Denmark	7.34555	7.44739	-0.44115	-4.70	7.01	32
Portugal	197.398	195.915	+0.063	-0.75	2.74	5
Finland	5.85424	5.82830	+0.00488	-0.48	2.48	3
Ireland	0.798709	0.733657	-0.002488	-8.14	11.01	55
Spain	163.826	165.611	+0.139	1.09	0.87	-8
Netherlands	2.16979	2.19822	+0.0002	1.31	0.65	-10
Germany	1.92573	1.95297	+0.00143	1.41	0.55	-14
Belgium	39.7191	40.2897	+0.0288	1.44	0.53	-10
Austria	13.5485	13.7446	+0.01	1.45	0.52	-11
Italy	1906.48	1940.21	-0.08	1.77	0.20	-13
France	6.45863	6.58596	+0.00417	1.97	0.00	-17
NON ERM MEMBERS						
Greece	295.269	306.284	-0.436	3.73	-1.70	-
UK	0.793103	0.713130	-0.002572	-10.08	13.41	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. 17/9/92: Sterling suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.590	1.58	2.51	3.19	0.15	1.12	1.95
1.600	0.88	1.87	2.64	0.53	1.53	2.40
1.610	0.38	1.37	2.21	0.95	2.06	2.88

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

■ PHILADELPHIA SE D-MARK/$ OPTIONS DM62,500 ($ per DM)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
0.580	0.82	1.19	1.54	0.06	0.34	0.53
0.585	0.18	0.56	1.24	0.37	0.72	0.73
0.590	0.06	0.41	0.97	0.73	1.06	0.93

Previous day's vol., Calls n/a Puts n/a. Prev. day's open int., Calls n/a Puts n/a

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.42	94.42	-	94.42	94.42	34,225	344,886
Jun	94.19	94.18	-0.01	94.20	94.17	83,573	433,474
Sep	93.99	93.97	-0.02	94.00	93.97	82,980	333,022

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	94.92	94.91	-0.01	94.92	94.91	496	2,702
Jun	94.75	94.74	-0.01	94.75	94.74	270	4,795
Sep	-	94.55	-	-	94.54	44	2,072

All Open Interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Apr	CALLS May	CALLS Jun	PUTS Mar	PUTS Apr	PUTS May	PUTS Jun
9650	0.22	0.23	0.23	0.25	0	0.01	0.01	0.03
9675	0.01	0.03	0.05	0.07	0.04	0.06	0.08	0.10
9700	0	0	0.01	0.01	0.28	0.28	0.29	0.29

Est. vol. total, Calls 1516 Puts 1668. Previous day's open int., Calls 543322 Puts 322401

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9825	0.01	0.07	0.14	0.17	0.22	0.33
9850	0	0.01	0.06	0.41	0.41	0.50

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 5715 Puts 3970

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

Abtrust Fund Mngrs Luxembourg SA (u)

Arbos Master Fund (u) (x)

American Phoenix Investment Portfolios (u)

Fleming Group - Contd.

Foreign & Colonial Emerging Markets Ltd (u)

Foreign & Colonial Portfolios Fd Sicav(u)

Mercury Asset Management S.A. - Contd.

Midland Intl Circuit Fund SICAV(u)

ACM Global Investment - Contd.

Arbos International Umbrella Fund (u)

Credit Commercial de France

Credis Investment Funds - Contd.

Merrill Lynch Asset Management - Contd.

Svecia Securities

Swiss Bank Corporation

CMI Ins Co Ltd/Clerical Med Gen Life - Contd.

LUXEMBOURG (REGULATED)(**)

ACM Global Investment

OFFSHORE INSURANCES

Abtrust International Ltd

هكذا من الاصل

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Offshore Funds

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

BERMUDA (REGULATED)(**)

GUERNSEY (REGULATED)(**)

GUERNSEY (SIB RECOGNISED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

[illegible]

BANKS, RETAIL

[illegible]

BREWERIES, PUBS & REST

[illegible]

BUILDING & CONSTRUCTION

[illegible]

BUILDING MATS. & MERCHANTS

[illegible]

CHEMICALS

[illegible]

CHEMICALS - Cont.

[illegible]

DISTRIBUTORS

[illegible]

DIVERSIFIED INDUSTRIALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONIC & ELECTRICAL EQPT

[illegible]

ENGINEERING

[illegible]

ENGINEERING - Cont.

[illegible]

EXTRACTIVE INDUSTRIES - Cont.

[illegible]

FOOD PRODUCERS

[illegible]

ENGINEERING - Cont.

[illegible]

ENGINEERING, VEHICLES

[illegible]

EXTRACTIVE INDUSTRIES

[illegible]

GAS DISTRIBUTION

[illegible]

HEALTH CARE

[illegible]

HOUSEHOLD GOODS

[illegible]

INSURANCE

[illegible]

INSURANCE - Cont.

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

INV TRUSTS SPLIT CAPITAL

[illegible]

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OTHER OFFSHORE FUNDS

● MANAGED FUNDS NOTES

LONDON STOCK EXCHANGE

UK stocks hit by late sell-side programme

MARKET REPORT

By Steve Thompson, UK Stock Market Editor

A heavy trading programme, weighted to the sell-side – said to have been executed by Merrill Lynch – took much of the shine off the latest advance to record intra-day and closing highs by the London market yesterday.

Although all the top indices closed well below their best levels, they nevertheless managed to record all-time closing highs for the sixth straight session, hitting intra-day peaks on the way.

The FTSE 100 index settled 6.9 ahead at 4,444.3, having rushed up to 4,466.3 in the first flush of exuberance yesterday morning.

The FTSE 250, meanwhile, only just managed to stay in positive ground, finishing 0.2 firmer at 4,729.4, well off the day's high of 4,736.2.

The SmallCap put on the strongest showing of the day, ending 4.8 to the good at 2,370.9, only a fraction below its intra-day peak of 2,171.0.

Earlier, it was "all systems go" with marketmakers having to hoist their opening levels in response to Wall Street's seemingly relentless march towards its next goal – 7,100 on the Dow Jones Industrial Average.

Fuelled by yet more talk of imminent takeovers or mergers, plus another set of reassuring company reports, the big institutions continued to pile into equities, frightened to miss out on the surge in global stock markets. Talk of sizeable rights issues was also doing the rounds.

Dealers said it was becoming increasingly obvious that marketmakers are having to bid aggressively for stock to replenish their depleted books after each upward move by Wall Street exposed short positions adopted the previous day. "Marketmakers do not want to go home either too long or too short of stock in such dangerous markets; the idea is to job off a level-to-slightly-short book," said one dealer.

The day's big stories were concentrated mostly in the drug stocks, where Glaxo Wellcome built on Monday's rally and hit another closing record after good news on one of its new drugs.

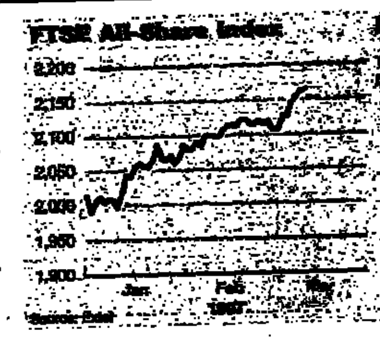
On the downside, Zeneca tumbled after a strong start, humbled by a flurry of profit-taking despite excellent results. Biotech stock Scotia saw its shares plummet after disappointment involving its diabetes treatment.

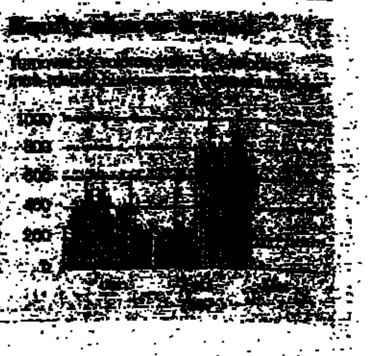
Turnover at 6pm was 1.11bn shares, boosted by big business in the Edinburgh Tiger and Dragon Trusts.

The strategy team at NatWest Securities said it was concerned that the market had "run too far in the short term", adding: "UK and US rates are set to rise over the next few months; political uncertainties will bedevil the UK market; while the strength of sterling will elicit further profit downgrades."

But the NatWest team stressed that these were all short-term worries which will have eased by the end of the year, allowing the bull market to reawaken.

It emphasised strong cash flow, supported by the growing awareness of the need to provide personal pension provision. "Any weakness should be considered a buying opportunity," the strategists said.


FTSE All-Share Index


Equity shares traded

Indices and ratios

FTSE 100	4444.3	+6.9	FT 30	2927.9	-3.5
FTSE 250	4729.4	+0.2	FTSE Non-Fins p/e	18.86	18.86
FTSE 350	2194.3	+2.7	FTSE100 Fut Mar	4431.0	+11.0
FTSE All-Share	2163.94	+2.81	10 yr Gilt yield	7.30	7.28
FTSE All-Share yield	3.50	3.51	Long gilt/equity yld ratio	2.09	2.11

Best performing sectors		Worst performing sectors	
1 Extractive Industries	+1.7	1 Gas Distribution	-1.7
2 Pharmaceuticals	+1.1	2 Oil Exploration	-1.7
3 Tobacco	+0.7	3 Alcoholic Beverages	-1.0
4 Leisure & Hotels	+0.7	4 Oil: Integrated	-0.9
5 Breweries: Pubs	+0.7	5 Mineral Extraction	-0.7

Footsie fear for Hanson

By Peter John and Lisa Wood

Hanson, the one-time conglomerate now reduced to a building company, was last night staring its future as a FTSE 100 component in the face.

One of the longest-standing members of the blue-chip index, Hanson yesterday languished well down in the relegation zone. Whether it slips into the comparative obscurity of the FTSE 250 index depends on movements in Compass, the contract catering group.

At the last official count, on Monday night, Compass stood 93rd in the market valuation rankings. It needs to reach 90th or above to be voted in by the indices steering committee, which meets this afternoon.

Yesterday the shares lifted 9½ to 716p, which raised its capitalisation by £30m to £2,274.7m. Hanson improved 2 to 301½p.

Meanwhile, it seemed relatively certain there would be at least one change in the Footsie. British Land, the property group is destined to enter and Argos, the discount retailer, appears likely to drop out. British Land rose 5½ to 555½p and Argos fell 3½ to 669p.

The latest figures from Zeneca prompted a continuation of the swings and roundabouts trend established by Glaxo Wellcome last week. However, where Glaxo rose and then fell, the reverse was true of Zeneca. The shares hit a new peak of 1,938p in early trading and then slid back to end the day a net 42 off at 1,860½p.

Profits were in line with the range of analysts' forecasts, as was the 13 per cent rise in the dividend.

To a certain extent, the fall reflected little more than profit-taking. But some analysts said their meeting with the company left them with doubts about long-term growth potential. It became clear during the meeting that there would be a big gap between the first and second wave of new products.

One analyst also apparently argued that the rating was too high, as profits would for some time focus on the agrochemicals, which tend to command a lower rating.

Meanwhile, Glaxo gained ground again with the help of broker upgrades after strong results last week.

In addition, Sweden gave Glaxo approval to market Naramig, a treatment for migraines. Sweden is the first country to grant regulatory approval for the drug and would act as the reference member under the European Commission's mutual recognition procedures. Glaxo shares gained 36½ to 1,154p, a closing peak.

SmithKline Beecham lifted 6 to 946½p with the help of a recommendation from ABN Amro Govett.

HSBC, the world's largest bank and the most highly capitalised UK quoted company at above £40bn, saw its value improve further yesterday. The ordinary shares moved forward 11½ to 1,615½p.

Dresdner Kleinwort Benson has issued a big strategic assessment of the bank which stresses its "buy" recommendation and targets a share price of between 1,850p and 1,950p.

The bank has been the focus of some feverish rumours which concentrate on it either buying into insurance or expanding its broking coverage. One of the more dramatic ideas going round is a bid for Merrill Lynch, the world's biggest broker.

Enterprise Oil, which is to publish figures tomorrow, shed 15 to 622p on speculation that the exploration and production group is building up for a bid. Analysts say it desperately needs exposure to the oil-rich deep-water fields in the Gulf of Mexico. And the feeling is that it might use the opportunity to announce a rights issue and an offer for a rival.

British-Borneo has been cited as a prime target and yesterday its shares went up a further 67½ to 1,425p. But some analysts feel it is now looking too expensive and Enterprise would be more likely to go for an overseas company.

Meanwhile, Premier Oil slipped 1½ to 36½p as NatWest expressed doubts over the company's "ability to improve its dismal exploration records".

Kingfisher hardened 10 to 690p, with strong buying ahead of results next week. Analysts said the feeling was that the retailer had done well; they tended to reject rumours that it might acquire the Littlewoods chain of stores. One said Kingfisher was telling the market that its focus would be on Europe, DIY and electrical retailing. Littlewoods, said the analyst, did not fit in with this scenario.

Marks and Spencer fell 7½ to 486p in the wake of the British Retail Consortium's retail sales monitor. One analyst said the suggestion that food price inflation was easing was not advantageous to M & S's food business. Margins in food were keen, he said, and it was more difficult to increase prices if inflation was coming down.

J. Sainsbury fell 3¼ to 310p, a move attributed to comments by the retailer about its Shaw's business in Connecticut during an analysts' visit to its stores earlier this week. One analyst said that Sainsbury had put flesh on the bones of cautious comments about the US business that it had made in January, when it issued a profits warning. The analyst said he did not know of any changes in forecasts but that sentiment towards the group had been slightly dampened.

Guinness softened 9 to 475p in the wake of it being part of a large programme trade. Some 1.6m shares were traded at 475½p.

Yates Brothers Wine Lodges hardened 2½ to 480p. NatWest Securities, in a note, reiterated its "buy" recommendation on the stock, which has strongly outperformed the market since it achieved a full listing via a placing in mid-1994.

Midland Independent Newspapers held firm at 150p ahead of its figures today with support from persistent speculation that Mirror Group intends to make an offer. One analyst said Mirror might be waiting to see if Midland's results reveal any financial skeletons. Mirror improved 4 to 215½p.

Sims Food eased 2½ to 30½p after the meat processing group announced it had uncovered a breakdown in financial controls at its processing plant in Carnaby. Stock values had been overstated. However, the directors said they did not expect the group's operating results to differ materially from market expectations.

Associated British Foods rose 8 to 501½p. Analysts said there was a "silly rumour" that it was going to bid for Reckitt & Colman. One analyst said the two were in completely different businesses and the speculation had no credibility. Reckitt slipped 6 to 797½p.

FT 30 INDEX

	Mar 11	Mar 10	Mar 7	Mar 6	Mar 5	Yr ago	*High	*Low
FT 30	2927.9	2931.4	2920.3	2911.5	2892.5	2729.9	2927.9	2668.8
Ord. div. yield	3.84	3.85	3.87	3.89	3.91	3.96	4.22	3.76
P/E ratio net	18.09	18.07	17.97	17.88	17.76	16.46	18.09	15.80
P/E ratio nil	17.87	17.84	17.75	17.66	17.54	16.13	17.87	15.71

FT 30 since compilation: high 2985.2 19/04/96; low 49.4 26/06/40. Base Date: 1/7/35.

FT 30 hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2945.5	2939.2	2942.5	2934.4	2932.4	2934.5	2936.2	2936.5	2928.5	2946.1	2926.3

	Mar 11	Mar 10	Mar 7	Mar 6	Mar 5	Yr ago
SEAQ bargains	58,920	56,969	52,770	55,031	52,506	35,620
Equity turnover (£m)†	–	NA	2189.2	2475.3	2475.0	1641.5
Equity bargains†	–	NA	39,653	47,459	47,459	40,574
Shares traded (ml)†	–	NA	746.4	804.6	804.6	572.3

†Excluding intra-market and overseas turnover.

	Mar 11	Mar 10	Mar 7	Mar 6	Mar 5	Yr ago	*High	*Low
FTSE AIM	1135.5	1133.6	1131.1	1125.9	1128.3	969.4	1140.4	965.7

 *For 1996/97.

London market data

Rises and falls*		52 Week highs and lows		LIFFE Equity options	
Total Rises	753	Total Highs	270	Total contracts	65,044
Total Falls	395	Total Lows	24	Calls	47,177
Same	1,272			Puts	17,867

Mar 11 *Data based on Equity shares listed on the London Share Service.

FUTURES AND OPTIONS

FTSE 100 INDEX FUTURES (LIFFE) £25 per full index point (APT)

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4445.0	4431.0	+11.0	4448.0	4423.0	15299	54233
Jun	4464.0	4452.5	+11.5	4469.0	4447.0	6613	18534
Sep	-	4478.0	+12.0	-	-	0	2385

FTSE 250 INDEX FUTURES (LIFFE) £10 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	4735.0	4735.0	+7.5	4735.0	4735.0	20	5714
Jun	-	4758.0	+10.5	-	-	0	530

FTSE 100 INDEX OPTION (LIFFE) (*4443) £10 per full index point

	4250	4300	4350	4400	4450	4500	4550	4600
	C P	C P	C P	C P	C P	C P	C P	C P
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dec†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 20,742 Puts 2,880

EURO STYLE FTSE 100 INDEX OPTION (LIFFE) £10 per full index point

	4275	4325	4375	4425	4475	4525	4575	4625
Mar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Apr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Jun	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sep†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Calls 15,027 Puts 6,558 * Underlying index value. Premiums shown are based on settlement prices. † Long dated expiry months.

LONDON RECENT ISSUES: EQUITIES

Issue price p	Amt paid up	Mkt. cap (£m.)	1996/97 High	Low	Stock	Close price p	+/-	Net div.	Div. cov.	Grs yld	P/E net
§100	F.P.	3.16	111½	103½	†Anglo-Welsh	[illegible]					
§125	F.P.	21.1	148½	121½	†Aortech	[illegible]					
§50	F.P.	26.8	64	52½	†Birmingham City	[illegible]					
§	F.P.	8.97	180	128½	†C&B Publishing	[illegible]					
§	F.P.	1.60	1½	½	†Do Warrants	[illegible]					
*	F.P.	-	17½	18¼	†Cambridge Mineral	[illegible]					
75½	F.P.	2,821	77½	58	Centrica	[illegible]					
§250	F.P.	65.7	335	305	Core Group	[illegible]					
§200	F.P.	12.0	270	240	†Dobbies Garden	[illegible]					
325	F.P.	2,764	570½	520	Energy Group	[illegible]					
§160	F.P.	24.5	188½	176½	Glowoed Csh Sys	[illegible]					
§28	F.P.	5.90	31½	26½	Howle	[illegible]					
§125	F.P.	34.0	179	141½	†Infobank Intl	[illegible]					
§140	F.P.	21.2	171	164½	Nord Anglo Ed	[illegible]					
§	F.P.	67.8	292½	220	Ped Group	[illegible]					
§	F.P.	11.5	6	3¾	†Screen	[illegible]					
	F.P.	13.2	62½	47½	TR Euro Gwth Wts	[illegible]					
§	F.P.	28.7	128½	95½	Technoplast	[illegible]					
§110	F.P.	122.1	124½	118½	Usher Trowbridge	[illegible]					
§40	F.P.	5.93	43½	40½	†VFG	[illegible]					

† Alternative Investment Market. § Placing price. * Introduction. For a full explanation of all other symbols please refer to The London Share Service notes.

FT GOLD MINES INDEX

	Mar 10	% chg on day	Mar 7	Year ago	Gross div yield %	P/E ratio	52 week High	Low
Gold Mines Index (32)	1789.86	+0.6	1778.18	2243.07	1.71	-	2485.53	1674.61
Regional Indices								
Africa (14)	2082.89	-0.2	2086.17	3012.04	4.38	30.86	3252.18	1918.43
Australasia (6)	2064.25	+0.1	2062.01	2676.91	2.42	22.26	2844.14	1941.72
North America (12)	1676.95	+1.0	1660.14	1993.74	0.55	62.52	2134.81	1550.58

 Figures in brackets show number of companies. Basis US Dollars. Base Value: 1000.00 31/12/92. † Partial. Latest prices were unavailable for this edition.

FTSE Actuaries Share Indices — The UK Series

Produced in conjunction with the Faculty and Institute of Actuaries

	Mar 11	Day's chge%	Mar 10	Mar 7	Mar 6	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
FTSE 100	4444.3	+0.2	4437.4	4420.3	4399.3	3639.5	3.62	2.10	16.50	21.90	1868.77
FTSE 250	4729.4	----	4729.2	4713.8	4707.5	4222.7	3.33	1.47	25.47	14.59	1944.70
FTSE 250 ex IT	4771.8	----	4773.8	4758.9	4752.7	4254.0	3.42	1.49	24.47	14.54	1966.76
FTSE 350	2194.3	+0.1	2191.6	2183.4	2174.6	1830.3	3.56	1.97	17.82	9.96	1884.34
FTSE 350 Higher Yield	2117.8	+0.3	2112.4	2104.4	2091.3	1804.4	4.64	1.98	14.49	8.23	1583.40
FTSE 350 Lower Yield	2277.6	----	2277.8	2269.5	2265.2	1862.8	2.47	2.19	23.12	11.83	1608.48
FTSE SmallCap	2370.86	+0.2	2366.14	2362.66	2360.06	2054.09	2.86	1.66	25.87	8.61	1969.22
FTSE SmallCap ex IT	2376.57	+0.1	2373.93	2371.25	2369.11	2041.97	3.05	1.75	23.39	8.80	2007.73
FTSE All-Share	2163.94	+0.1	2161.13	2153.44	2145.25	1810.03	3.50	1.95	18.26	9.67	1866.26

FTSE Actuaries Industry Sectors

	Mar 11	Day's chge%	Mar 10	Mar 7	Mar 6	Year ago	Div. yield%	Net cover	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(20)	4130.67	-0.7	4159.55	4132.58	4099.84	3227.09	3.63	2.10	16.39	15.36	1817.50
12 Extractive Industries(5)	4167.06	+1.7	4096.31	4095.64	4074.12	4196.03	3.89	2.33	13.79	0.00	1241.99
15 Oil, Integrated(3)	4247.22	-0.9	4287.03	4256.51	4207.92	3249.96	3.83	2.08	15.69	20.17	1922.19
16 Oil Exploration & Prod(12)	3532.09	-1.7	3592.04	3561.94	3534.51	2239.31	1.55	1.88	42.95	0.00	2141.42
20 GEN INDUSTRIALS(272)	2071.14	+0.2	2066.38	2052.06	2042.88	2057.75	3.81	1.90	17.28	5.65	1162.09
21 Building & Construction(35)	1370.54	+0.1	1369.74	1370.04	1375.20	1127.83	3.00	1.78	23.42	1.89	1171.95
22 Building Matls & Merchs(32)	1930.99	----	1931.30	1926.15	1931.68	1892.76	4.13	2.54	11.94	1.00	988.47
23 Chemicals(26)	2383.86	+0.3	2377.49	2359.58	2367.30	2541.07	4.38	1.56	18.30	24.63	1169.49
24 Diversified Industrials(16)	1596.75	+0.1	1594.72	1566.07	1518.52	1775.54	4.49	1.80	15.43	4.02	926.08
25 Electronic & Elect Equip(39)	2279.13	+0.1	2276.48	2277.92	2291.43	2281.10	3.44	1.51	24.02	1.74	1211.35
26 Engineering(70)	2654.97	+0.4	2643.37	2614.98	2610.11	2315.93	3.14	2.44	16.30	7.09	1647.27
27 Engineering, Vehicles(13)	2985.50	+0.5	2971.57	2952.70	2912.94	2763.78	3.70	0.19	80.00†	3.02	1578.48
28 Paper, Pckg & Printing(27)	2594.31	+0.3	2587.75	2592.04	2568.82	2890.15	4.02	2.01	15.46	1.47	1107.25
29 Textiles & Apparel(14)	1082.26	+0.4	1077.86	1073.87	1075.91	1482.53	6.52	1.32	14.55	2.25	686.19
30 CONSUMER GOODS(85)	4268.77	+0.5	4243.74	4199.44	4162.20	3501.86	3.53	1.87	18.93	13.07	1618.97
32 Alcoholic Beverages(7)	2845.96	-1.0	2874.69	2882.85	2826.00	2756.16	4.53	1.87	14.75	31.28	1086.04
33 Food Producers(25)	2886.35	+0.5	2870.90	2850.00	2848.90	2523.83	3.81	1.86	17.66	5.51	1338.60
34 Household Goods(17)	2873.60	-0.5	2888.64	2895.52	2934.29	2450.42	3.52	2.25	15.78	2.32	1160.73
36 Health Care(16)	2191.78	-0.7	2206.31	2213.54	2216.90	1920.93	2.74	1.90	24.02	4.71	1357.07
37 Pharmaceuticals(18)	6791.85	+1.1	6719.03	6611.48	6516.97	4918.06	2.71	1.86	24.86	14.48	2352.20
38 Tobacco(2)	4641.49	+0.7	4608.23	4578.07	4566.38	4570.04	5.83	1.95	11.59	0.00	1195.26
40 SERVICES(227)	2711.40	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41 Distributors(33)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42 Leisure & Hotels(31)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43 Media(44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
44 Retailers, Food(15)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45 Retailers, General(53)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47 Breweries, Pubs & Rest.(22)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48 Support Services(66)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49 Transport(23)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
60 UTILITIES(36)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62 Electricity(10)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
64 Gas Distribution(2)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66 Telecommunications(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68 Water(13)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69 NON-FINANCIALS(691)	2214.73	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70 FINANCIALS(108)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71 Banks, Retail(9)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
73 Insurance(18)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
74 Life Assurance(7)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
77 Other Financial(28)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
79 Property(44)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
80 INVESTMENT TRUSTS(128)	3397.38	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
89 FTSE All-Share(919)	2163.94	+0.1	2161.13	2153.44	2145.25	1810.03	3.50	1.95	18.26	9.67	1866.26
FTSE Fledgling	1344.95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FTSE Fledgling ex IT	1385.97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FTSE 100	4465.2	4459.0	4464.4	4454.6	4448.3	4451.5	4458.3	4457.5	4443.0	4466.3	4443.0
FTSE 250	4734.7	4731.7	4735.4	4734.0	4731.9	4732.2	4732.8	4731.9	4729.3	4736.2	4729.1
FTSE 350	2203.0	2200.3	2202.7	2198.8	2198.1	2197.4	2198.3	2198.7	2193.8	2203.3	2193.8

Time of FTSE 100 Day's high: 8:26 AM Day's low: 4:09 PM. FTSE 100 1996/97 High: 4444.3 (11/03/97) Low: 3632.3 (16/07/96)

FTSE 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Constrn	1300.4	1301.2	1302.3	1301.9	1300.5	1300.9	1300.9	1299.8	1298.7	1298.7	1299.4	-0.7
Pharmaceuticals	6726.5	6715.0	6779.0	6783.8	6723.3	6733.8	6734.7	6764.8	6707.1	6710.1	6636.1	+74.0
Water	2598.2	2588.7	2586.9	2586.1	2585.7	2585.7	2583.2	2583.2	2583.1	2584.7	2576.8	+7.9
Banks, Retail	5918.3	5912.2	5907.8	5900.6	5898.3	5899.5	5890.1	5911.6	5911.2	5898.8	5880.1	+17.8

For further information on the FTSE Actuaries Share Indices please contact FTSE International on 0171 448 1810. The FTSE Actuaries Share Indices are compiled in accordance with a standard set of ground rules established by FTSE International in conjunction with the Faculty of Actuaries and the Institute of Actuaries. "FT-SE" and "Footsie" are trade marks of the London Stock Exchange and The Financial Times and are used by FTSE International under licence. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. NAME CHANGE: National Home Loans now Paragon Group of Companies (FTSE SmallCap) & (77). DELETE: Pilot Investment Trust (FTSE Fledgling).

FTSE INTERNATIONAL

TRADING VOLUME

Major Stocks Yesterday

	Vol. 000s	Closing price	Day's change
3i	[illegible]	[illegible]	[illegible]
ASDA Group†	[illegible]	[illegible]	[illegible]
Abbey National†	[illegible]	[illegible]	[illegible]
Airtours	[illegible]	[illegible]	[illegible]
Albert Fisher	[illegible]	[illegible]	[illegible]
Allied Domecq†	[illegible]	[illegible]	[illegible]
Anglian Water	[illegible]	[illegible]	[illegible]
Argos†	[illegible]	[illegible]	[illegible]

هكذا من الأصل

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

OTHER INVESTMENT TRUSTS

INVESTMENT COMPANIES

LEISURE & HOTELS

LIFE ASSURANCE

MEDIA

MEDIA - Cont.

OIL EXPLORATION & PRODUCTION

OIL, INTEGRATED

OTHER FINANCIAL

PAPER, PACKAGING & PRINTING

PHARMACEUTICALS

PROPERTY

PROPERTY - Cont.

RETAILERS, FOOD

RETAILERS, GENERAL

RETAILERS, GENERAL - Cont.

SUPPORT SERVICES

SUPPORT SERVICES - Cont.

TELECOMMUNICATIONS

TEXTILES & APPAREL

TEXTILES & APPAREL - Cont.

TOBACCO

TRANSPORT

WATER

AIM

AIM - Cont.

AMERICANS

CANADIANS

SOUTH AFRICANS

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service are delivered by Extel, part of Financial Times Information.

Company classifications are based on those used for the FTSE Actuaries Share Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices over a rolling 52 week period.

Where stocks are denominated in currencies other than sterling, this is indicated after the name. Prices shown for some of these foreign securities are converted into sterling from latest available local Stock Exchange prices.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday

Market capitalisation shown is calculated separately for each line of stock quoted.

Earnings used in calculations are based on IIMR 'Headline Earnings' formula.

Price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures.

Yields are based on mid-prices, are gross, adjusted for a dividend tax credit of 20 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- • Highs and lows marked thus have been adjusted to allow for capital changes
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ϕ Figures or report awaited
- ♥ Rule 2.1(a)(v) Overseas incorporated companies listed on an approved exchange.
- ♣ Free annual/interim report available, see details below
- ‡‡ Rule 4.2(a) Irish incorporated non-listed companies.
- # Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue
- ♦ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
z Dividend yield includes a special payment

F Yield based on prospectus or other official estimates for 1996-97.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1997.
K Yield based on prospectus or other official estimates for
M Yield based on prospectus or other official estimates for 1995-96.
N Dividend is paid in whole or part as a

FID (Foreign Income Dividend)
R Forecast annualised yield, p/e based on prospectus or other official estimates.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xf ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1425 a year for each security shown, subject to the Editor's discretion.

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4 pm close March 11

NEW YORK STOCK EXCHANGE PRICES

1996/97 High	Low	Stock	Div	Yld %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
32	24¼	AAR	0.48	1.9	21	1073	25⅞	25½	25⅝	-⅛
46⅛	33	AMP	1.04	2.7	29	3533	38⅞	38	38¼	+¼
97½	68	AMR			6	4803	86	84½	84¾	-⅛
50½	33¼	ASA	1.20	3.3	24	326	36⅝	36	36⅝	+¾
60⅛	38⅛	AbbtL	1.08	1.8	24	8072	59⅞	58¾	59⅛	-1
17½	12¼	AbMbl Pr x	0.40	2.4	8	938	16⅝	16⅜	16⅝	
20¼	13½	ABM Ind	0.40	2.2	17	504	18⅜	17⅞	18½	
23	13⅞	Acptncain			11	122	22⅞	22⅝	22⅞	+⅛
65¾	37¼	ACE Ltd	0.72	1.1	11	1008	u66⅞	64⅞	65¼	+1⅜
10¾	9⅛	ACM Gvt In x	0.90	8.5	11	459	u10¾	10⅝	10⅝	
7⅞	6⅝	ACM GvOpp x	0.63	8.5		53	7½	7⅜	7⅜	
9⅞	8⅞	ACM Man x	0.90	9.4		86	9¾	9⅝	9⅝	-⅛
13⅞	6⅛	Acme Elect				50	6¾	6⅝	6¾	
21⅜	13⅞	Acme Mtls			72	78	16¾	16½	16¾	+¼
33¾	27¼	Acordia x	0.80	2.5	15	78	32⅝	32⅜	32⅝	-⅛
29¾	12	Acuson				738	28½	28¾	28⅞	-⅛
21⅛	17⅞	Adams Expr	0.55	2.6	1	234	21	20⅞	21	
[illegible]										

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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

US INDICES

Dow Jones	Mar 10	Mar 7	Mar 6	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Industrials	7079.39	7000.89	6944.70	7079.39 (10/3/97)	5032.94 (10/1/96)	7079.39 (10/3/97)	41.22 (8/7/32)
Home Bonds	103.21	103.25	103.07	108.08 (14/2/96)	100.89 (15/7/96)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	2461.88	2447.85	2432.14	2461.88 (10/3/97)	1882.71 (18/1/96)	2461.88 (10/3/97)	13.23 (8/7/32)
Utilities	226.52	226.66	225.96	240.85 (22/1/97)	204.86 (30/7/96)	256.48 (31/8/93)	16.53 (8/7/32)

DJ Ind. Day's high 7103.25 (7047.07) Low 6970.10 (6927.00) (Theoretical§)
Day's high 7079.39 (7016.58) Low 6993.19 (6944.70) (Actual§)

Standard and Poors	Mar 10	Mar 7	Mar 6	1996/97 High	1996/97 Low	Since compilation High	Since compilation Low
Composite‡	813.65	804.97	798.56	816.29 (18/2/97)	598.48 (10/1/96)	816.29 (18/2/97)	4.40 (1/6/32)
Industrials♥	945.47	935.04	929.81	950.96 (18/2/97)	702.07 (15/1/96)	950.96 (18/2/97)	3.52 (30/6/32)
Financial	97.25	96.13	94.14	97.25 (10/3/97)	58.67 (10/1/96)	97.25 (10/3/97)	7.13 (4/9/74)
NYSE Comp.	427.70	423.83	420.24	427.70 (10/3/97)	321.41 (10/1/96)	427.70 (10/3/97)	4.64 (25/4/42)
Amex Comp.	603.63	602.06	600.91	617.81 (22/5/96)	524.20 (16/7/96)	617.81 (22/5/96)	524.20 (16/7/96)
NASDAQ Cmp	1322.72	1311.80	1315.43	1388.06 (22/1/97)	988.57 (15/1/96)	1388.06 (22/1/97)	54.87 (3/10/74)

■ RATIOS

	Mar 7	Feb 28	Feb 21	Year ago
Dow Jones Ind. Div. Yield	1.98	1.96	1.94	2.18
	Mar 5	Feb 26	Feb 19	Year ago
S & P Ind. Div. yield	1.77	1.73	1.72	1.87
S & P Ind. P/E ratio	22.55	22.69	22.84	21.05

■ NEW YORK ACTIVE STOCKS

Monday	Stocks traded	Close price	Change on day
Office Dpt	11,477,400	17¾	–5½
Seagate	5,407,400	47¼	+1⅝
Homestake	4,738,300	16	+1
AT&T	4,619,300	36¾	+⅛
Micron	4,483,000	40½	+¼
Cmptr Assoc	4,137,000	38⅝	–2⅞
Corning	3,602,500	43⅞	+4⅝
Niag Mhwk	3,279,600	9½	–⅛
Newmnt Mine	3,275,400	42⅞	–1¼
Santa Fe	3,090,500	18	+⅛

■ TRADING ACTIVITY

● Volume (million)	Mar 10	Mar 7	Mar 6
New York SE	458.747	494.917	522.481
Amex	15.873	18.739	19.427
NASDAQ	573.120	648.415	655.241

NYSE	Mar 10	Mar 7	Mar 6
Issues Traded	3,331	3,338	3,325
Rises	1,647	1,637	1,265
Falls	863	876	1,211
Unchanged	821	825	849
New Highs	216	214	148
New Lows	18	20	17

■ S&P 500

	Open	Latest	Change	High	Low	Est. vol.	Open Int.
Mar	815.15	814.40	–0.60	816.35	814.25	61,993	150,203
Jun	822.00	821.80	–0.90	823.60	821.80	14,682	52,554

■ Nikkei 225

	Open	Sett price	Change	High	Low	Est. vol.	Open Int.
Mar	18200.0	18210.0	+130.0	18270.0	18090.0	20,838	154,593
Jun	18150.0	18160.0	+130.0	18240.0	18050.0	26,739	206,985

Open interest figures for previous day.

■ TOKYO - MOST ACTIVE STOCKS: Tuesday, March 11, 1997

	Stocks Traded	Closing Prices	Change on day
Nomura Secs	11.0m	1410	-60
Nippon Steel Cp	9.3m	328	-3
Fuji Heavy Inds	8.9m	900	+11
Hitachi	7.8m	1050	-10
Towa Bank	6.1m	636	-2
Sakura Bank	5.4m	764	+29
NKK Corp	5.2m	261	+5
Kawasaki Steel	4.7m	340	+6
Hachijuni Bank	4.4m	1010	-30
Tokyo Gas	3.6m	291	-6

* FINANCIAL TIMES Wednesday March 12 1997

Dow eases in range trading

AMERICAS

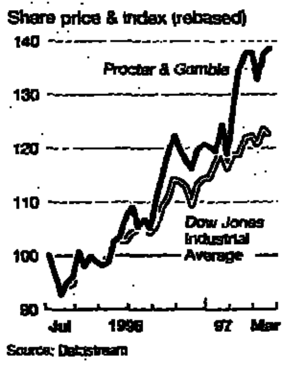
US shares were mostly flat by midsession as shares settled into a range after Monday's strong gains, writes Lisa Bransten in New York.

At 1pm the Dow Jones Industrial Average was off 11.16 at 7,068.23, while the Standard & Poor's 500 had lost 2.37 at 811.28. NYSE volume was 265m shares.

The bond market exerted some pressure on shares as the benchmark 30-year Treasury fell on continued nervousness that the Federal Reserve might raise interest rates at the March 25 Open Market Committee meeting.

Procter & Gamble

Share price & index (rebased)



Source: Datastream

Procter & Gamble continued to lend support to the Dow with a gain of $1 at $125¾. Shares in the consumer goods company have performed particularly well in recent weeks, adding more than $10 since the end of January.

Boeing was another rising share in the Dow as it gained $2 at $107⅞ on reports that it was close to an agreement to supply all future aircraft to Delta Air Lines, the third largest US carrier.

Falling shares in the Dow included Merck, off $1½ at $93⅞, Caterpillar, $1½ weaker at $80⅝, and Texaco, which lost $2⅞ at $102⅞.

K-III Communications, the US magazine publishing company, shed $⅝ or 3 per cent to $12¼ on news that it planned to issue new shares and sell four of its businesses to focus on core activities.

Nike continued its recent slide with a loss of $⅝ at $66¼. The athletic shoe and clothing company has lost nearly $10 since February 25.

Technology shares were also flat with the Nasdaq composite, weighted toward the sector, off 1.65 at 1,321.07. The Pacific Stock Exchange technology index added 0.2 per cent.

The largest companies on the Nasdaq turned in a mixed performance. Intel was up $¾ at $145⅞, Microsoft gained $⅛ at $100⅛ and Oracle added $¼ at $36¼. Meanwhile Cisco Systems slipped $⅞ at $52¼ after an analyst at Hambrecht & Quist downgraded his earnings estimates on the computer networking giant.

TORONTO gave up initial gains to close lower after a morning session of mixed trading. Resource stocks edged higher, but financials were visibly weak. At noon, the 300 composite index was off 15.67 at 6,317.20.

Profit-taking cut a swathe through the banking sector, sending leading stocks spinning in all directions. Royal Bank of Canada lost 55 cents to C$61.50 and Toronto-Dominion Bank retreated 65 cents to C$39.80.

Barrick Gold added 40 cents to C$36.60 and Placer Dome put on 30 cents to C$28.30. Suncor, the oil group, jumped C$1.35 to C$62.60 after Goldman Sachs put the shares on its recommended list.

Canadian Occidental rose 40 cents to C$23.10 after it said that its wholly-owned subsidiary, CXY Energy of Dallas, Texas, was high bidder on 25 offshore blocks in the recent United States central Gulf of Mexico lease sale held last week. Twenty-two of the blocks, said the company, were located on the outer continental shelf at depths of less than 500ft.

Mexico City slips

MEXICO CITY turned easier at midsession in cautious trade ahead of the weekly primary Cetes auction and a vote in the US Congress to certify Mexico as a drug war ally. The IPC index eased 6.56 to 3,638.24.

Traders said that the recent slide by the peso against the dollar had attracted some foreign demand, as had early gains notched up by Mexican ADRs in New York.

One dealer noted that telecommunications stocks had been in heavy demand in New York, hauling up Telmex towards resistance at about $41.

On the domestic market Telmex L shares were up four centavos to flirt with intra-day record highs at 16.14 pesos.

BUENOS AIRES was weaker at midsession, after the 3 per cent rebound of the previous two sessions on Friday's US jobs report, which indicated a lack of inflationary pressures. The Merval index fell 3.63 to 738.37.

South Africa strengthens

A sharp recovery for golds plus a continuation of the pre-budget rally for industrials sent shares in Johannesburg strongly higher across the board. At the close, the all-share index was 70.7 ahead at 7,162.0.

Dealers said there had been good two-way trade ahead of today's national budget. Turnover surged to R804m, helped by heavy US buying of De Beers which jumped R3.25 to R160.75. The industrial index ended 57.7 higher at 8,384.7.

Golds responded to a recovery for bullion, now back above $350. "Golds had their best session for weeks," said one trader. The golds index rose 37.1 or 2.56 per cent to 1,441.4.

Hoechst disappoints, correction threatens

EUROPE

Wall Street's mood swing from overnight ebullience to mid-morning hesitation took the steam out of most bourses. FRANKFURT stayed in record high ground, but came back from a peak of 3,475.18 as the Dax index closed just 4.18 stronger at 3,430.95, in turnover of DM17.4bn.

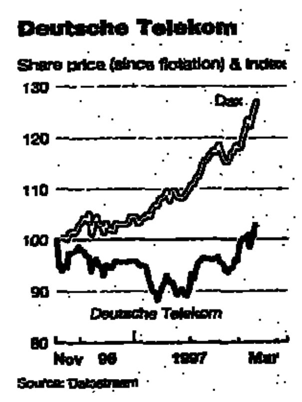
Mr Jens Wiecking, at Prof Dr Dolff & Partners in Düsseldorf, said that the German market could be heading into a correction. It had seen a string of results, and in most cases yesterday the reaction was strongly on the downside.

Hoechst, Bayer and BASF – market stars in 1996 – fell by 5 per cent (DM3.95 to DM75.20), 2.9 and 1.8 per cent after Hoechst came in with a fourth-quarter loss and a lower-than-expected dividend. Higher earnings at Adidas left the sportswear group DM6.20 or 3.7 per cent lower at DM162.30; and SKW Trostberg, the speciality chemicals company, fell DM1.39 to DM56.81 on a higher dividend.

Sentiment, too, seemed to be damaged by social tensions for the first time this year, said Mr Wiecking. Protests from construction workers and miners were making an impact.

Deutsche Telekom

Share price (since flotation) & index



Source: Datastream

The day's most notable winners were special situations. Deutsche Telekom, an underperformer since it came to the market last November, forecast doubled profits and rose 87 pfg to DM34.83. Depfa, the leading mortgage bank, accused UBS of stakebuilding, continued to assert this in the face of denials from the Swiss bank, and rose DM6.50 or 8.1 per cent to DM87.

AMSTERDAM saw good demand for internationals while a number of potential deals also generated buying interest. It added up to another positive session with the AEX index closing up 4.47 at a record 774.43.

Bolswessanen rose Fl 1.10 or 3 per cent to Fl 37.80 in 3m shares after the company mooted the idea of a sizeable takeover, possibly in the US. News that its 35 per cent stake in Campari of Italy could be put up for sale sparked speculation that Bolswessanen was planning a Fl 1bn deal, equal to about a third of the food and drinks group's stock market value.

The takeover buzz was also supported by news of merger talks between two construction companies, Volker Stevin and Kondor Wessels. Stevin jumped Fl 13.60 to Fl 202 while Wessels added Fl 1.40 at Fl 88.10.

The firmer dollar lifted Philips and Unilever. Down against the trend on Monday, the stocks bounced Fl 2.40 to Fl 91.10 and Fl 8.00 to Fl 363.20 respectively.

KPN PTT shed 80 cents to Fl 69.40 after results in line with broker expectations.

FTSE Actuaries Share Indices

Mar 11							THE EUROPEAN SERIES	
Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FTSE Eurotrack 100	2239.97	2239.77	2239.19	2238.15	2238.10	2237.74	2235.89	2231.93
FTSE Eurotrack 200	2271.13	2264.78	2264.11	2262.24	2261.92	2261.96	2261.05	2257.03
	Mar 10	Mar 7	Mar 6	Mar 5	Mar 4			
FTSE Eurotrack 100	2219.55	2200.11	2198.86	2166.43	2154.28			
FTSE Eurotrack 200	2243.24	2232.47	2233.60	2204.80	2198.86			

Base value 1000 (26/10/90); Highday: 100 - 2240.65, 200 - 2271.13 Lowday: 100 - 2231.93 200 - 2254.71. † Partial.

PARIS swung from modest mid-session gains to a minor setback at the close. The CAC 40 index ended 28.06 lower at 2,686.15.

Media stocks remained in favour while the recent excitement among retailers over imminent corporate activity appeared to shift to Carrefour, the leading supermarkets chain. Canal Plus gained FFr25 to FFr1,125.

Pathe, buoyed on Monday by talk that the group was to sell its 17 per cent stake in BSkyB, rose FFr31 to FFr1,539 for a two-day advance of 8 per cent.

Thomson-CSF eased FFr3.20 to FFr194.10 in spite of yesterday's relaunch of the sale of the government's stake in the group.

ZURICH featured volatile activity in Ciba Speciality Chemicals share rights on their last day of trade. The rights ended SFr2 higher at SFr103.50, having recovered from an early slump to SFr92.50. This followed overnight news that a bank consortium, led by CSFB and UBS, had said it would bid SFr90 per subscription right to launch a global offering of Ciba shares. Trading in the shares of Ciba, being spun off from Novartis, begins tomorrow.

Schindler surged SFr122 at SFr1,732 on better-than-expected 1996 results and an upbeat view on the outlook for 1997.

Ascom, up SFr33 at SFr1,705, rose on restructuring hopes, including the sale of its Timeplex communications networking.

The SMI index gave up 7.3 to 4,677.1.

MILAN turned back, dragged down by weakness in bond futures. While the Comit index registered a rise of 3.30 to 763.44, the real-time Mibtel index fell 46 to 12,080. Against the trend, the soon-to-be-merged Marzotto and HPI were both higher. Marzotto climbed L501 to L14,770 and HPI gained L17 to L1,126.

MOSCOW picked up 3.3 per cent as the market gave a broad welcome to the appointment of Mr Anatoly Chubais as first deputy prime minister on expectations that he will revive the country's ailing market reforms.

The RTS-24 index rose 10.48 to 327.37 in spite of some uncertainty caused by news of the forthcoming cabinet reshuffle.

BUDAPEST continued its correction with a fall of 3.3 per cent following its sharp appreciation early in the year. The Bux index, up 40 per cent between January 1 and February 5, was fixed 169.89 lower at 5,140.26, 11.6 per cent below the year's peak.

Written and edited by William Cochrane, Michael Morgan and Jeffrey Brown

Bangkok ahead on hopes of property revival

ASIA PACIFIC

News of government help for the property sector pushed BANGKOK higher for the third session running, lifting the SET index by 16.63 or 2.4 per cent to 719.95.

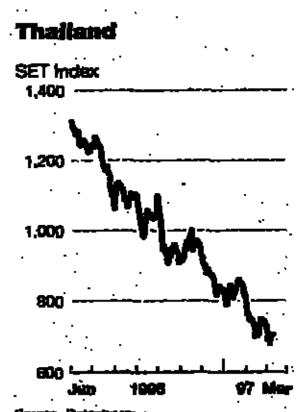
Turnover improved to Bt5.3bn as sentiment took a clear upswing following Monday's announcement that a proceeds of a BT100bn bond funding would be used to support ailing property companies.

"Foreigners gained more confidence. The bond announcement sparked buying power," said one broker. Shaken by worries about the Thai economy and fears for property sector solvency, the SET index has virtually halved since June.

Banks continued to rally strongly. The sector gained 4.5 per cent and the finance sector 3.6 per cent. Bangkok Bank gained Bt10 to Bt187. National Finance and Securities added Bt2.25 to Bt36.50.

Thailand

SET index



Source: Datastream

TOKYO regained some ground, interest in bank shares pushing the market higher in spite of the upset caused by news of a second big-name company's involvement in pay-offs to corporate racketeers, *writes Bethan Hutton.*

The Nikkei 225 average rose 153.83, closing at the day's high of 18,257.72 after bouncing back from a low of 18,088.94 in the morning. Mr Paul Migliorato, a senior institutional salesman at Jardine Fleming Securities in Tokyo, said that activity was limited ahead of this Friday's special quotation for futures, as well as by the approaching financial year end.

The day's trading range, he noted, was the second narrowest this month. Volume remained thin but fairly steady at an estimated 337m shares, down from 340m.

Nomura Securities was again the day's most heavily traded share. It fell a further Y60 to Y1,410, making a cumulative drop of Y170 or 10.8 per cent since news broke last Thursday that two Nomura executives were involved in dealings related to sokaiya, the racketeers who demand pay-offs for not disrupting shareholder meetings. However, this followed a low of Y1,360 earlier in the day.

Ajinomoto, the seasoning and processed food manufacturer, was hit by reports emerging during the day that one of its executives was also being questioned by police about payments to sokaiya, which are illegal under Japan's commercial code. Ajinomoto fell Y70 to Y940.

The banking sector was the day's best performer, gaining 1.6 per cent overall. Investors interested in the potential of the "big bang" changes in financial services were said to be switching attention to banks as an alternative to securities companies, all of which had been suffering fallout from the Nomura scandal.

Bank of Tokyo-Mitsubishi rose Y40 to Y1,940, Dai-Ichi Kangyo Y50 to Y1,370, Industrial Bank of Japan Y10 to Y1,370, Sakura Y29 to Y764, and Fuji Y70 to Y1,440.

The Topix index of all first-section shares firmed 8.9 points to 1,369.05, while the capital-weighted Nikkei 300 index climbed 2.08 points to 262.12. Rising shares narrowly outnumbered those falling by 557 to 497, with 171 unchanged.

In Osaka, the OSE index dropped 96.13 points to 19,124.17, in volume of 104.26m shares, while later in London the ISE/Nikkei 50 index gained 3.96 to 1,419.93.

SEOUL tumbled 1.7 per cent, under pressure from rising interest rates, a weakening won and other poor fundamentals. The composite index fell 11.40 to 655.95 as the collapse of support at the 600 point level helped to accelerate selling pressure.

Brokers said that news that the Federation of Korean Industries might intervene in Shindongbang's hostile takeover bid for Midopa sent related stocks tumbling.

Dainong, the parent company of Midopa, fell Won370 to Won7,730, while Shindongbang shed Won400 to Won37,000 and Midopa lost Won2,800 to its lower limit of Won32,400.

HONG KONG erased early gains as investors sold property stocks and turned their attention to second liners. By the close, the Hang Seng index was 16.56 weaker at 13,252.20 after a high of 13,342.46. Turnover was a hefty HK$13.4bn.

Recently-strong property stocks turned back on concerns about the outlook for higher interest rates and doubts about whether recent rises were sustainable. Cheung Kong fell 75 cents to HK$73.50 and Henderson Land finished 50 cents weaker at HK$67.50.

Among the red chips, First Shanghai soared 13 cents to 99 cents and China Resources Beijing Land rose 5 cents to HK$5.55.

SINGAPORE finished firmer, raising hopes that the market was back on an upward track, at least in the near term. The Straits Times Industrials index picked up 18.55 at 2,191.03, in volume of 247.1m shares.

A 50 cent rise in Fraser & Neave to S$13.30 and a 60 cent advance in Cycle & Carriage to S$15 were responsible for most of the market's rebound.

KUALA LUMPUR rebounded after Monday's profit-taking and the improved sentiment brought an improvement in trading volumes of more than 500m shares. The composite index closed up 12.85 at 1,250.33.

Shares in the DRB-Hicom group were mixed after falling on Monday's requotation on continuing concerns over the group's future following the death of the former chairman, Mr Yahaya Ahmad, on March 3.

Proton rose 30 cents to M$15.90 and Edaran Otomobil Nasional was up 70 cents to M$25.50. Hicom fell 20 cents to M$6.50 and Diversified Resources lost 15 cents to M$8.80.

TAIPEI swung back on to the upside following reports of government plans to pump part of the state labour insurance fund into the stock market. Off 8 points on Monday, the weighted index surged 72.46 to 8,246.64 – its highest level since May, 1990.

Turnover also shot ahead, rising to T$160.4bn. The strongest individual sector was paper, up 3.2 per cent. Taiwan Pulp gained T$2.10 to T$33.50. China Steel rose T$0.80 to T$27.30 and Yuh Chen Construction T$5.00 to T$77.50.

SYDNEY closed higher in modest volume. The All Ordinaries index added 6.4 to 2,468.3. BHP gained 177 cents to A$17.32 and Amcor put on 8 cents to A$8.48. Brambles rose 31 cents to A$22.30. News Corp added 14 cents to A$6.84 in heavy volume, boosted by what dealers described as offshore institutional business.

FT/S&P ACTUARIES WORLD INDICES

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NATIONAL AND REGIONAL MARKETS	MONDAY MARCH 10 1997								FRIDAY MARCH 7 1997					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	52 week High	52 week Low	Year ago (approx)
Australia (76)	223.81	0.9	207.15	172.14	198.18	188.92	1.1	4.02	221.84	204.97	171.00	196.25	186.83	224.81	188.44	199.13
Austria (24)	186.28	1.1	172.42	143.28	164.96	164.89	0.1	1.77	184.35	170.33	142.10	164.74	164.68	195.04	174.70	183.67
Belgium (26)	240.05	1.6	222.18	184.63	212.55	207.98	0.7	3.29	236.38	218.40	182.21	211.24	206.61	240.05	203.64	212.21
Brazil (28)	245.07	1.9	226.83	188.50	217.00	474.87	1.9	1.29	240.48	222.19	185.37	214.90	465.93	245.07	147.48	147.48
Canada (114)	203.31	0.9	188.17	156.37	180.02	201.82	1.2	1.83	201.42	186.10	155.26	179.99	199.51	203.31	153.61	153.61
Denmark (32)	370.75	1.0	343.16	285.16	328.29	327.53	0.2	1.34	366.95	339.04	282.85	327.92	326.93	376.09	291.30	295.54
Finland (28)	266.02	0.3	246.22	204.61	235.56	283.70	-0.7	1.94	265.30	245.12	204.50	237.08	285.63	266.02	174.47	180.06
France (91)	225.82	0.9	209.01	173.69	199.95	203.48	0.1	2.50	223.73	206.72	172.46	199.93	203.31	225.82	183.87	186.75
Germany (59)	204.07	2.7	188.88	156.96	180.69	180.69	1.7	1.44	198.79	183.67	153.23	177.64	177.64	204.07	164.47	171.06
Hong Kong (58)	483.40	-0.6	447.42	371.81	428.03	480.54	-0.6	3.20	486.46	449.45	374.98	434.72	483.57	514.49	402.53	438.78
Indonesia (27)	241.67	-0.1	223.68	185.88	213.99	355.22	0.0	1.50	241.93	223.53	186.49	216.20	355.31	-	-	-
Ireland (16)	332.83	-0.2	308.06	256.00	294.71	301.13	-0.4	3.12	333.54	308.17	257.10	298.06	302.24	343.35	265.16	261.59
Italy (58)	87.30	-0.3	80.81	67.15	77.30	110.40	-0.9	1.94	87.57	80.91	67.50	78.26	111.36	96.32	70.61	74.68
Japan (480)	114.01	0.1	105.52	87.69	100.95	87.69	-0.1	0.90	113.93	105.27	87.82	101.81	87.82	164.66	109.16	146.92
Malaysia (107)	635.54	-0.9	588.24	488.83	562.76	606.54	-1.0	1.06	641.05	592.30	494.14	572.87	612.71	680.85	512.47	542.07
Mexico (27)	1363.69	1.6	1267.75	1053.50	1212.82	11913.74	0.8	0.99	1348.22	1245.68	1039.25	1204.81	11820.59	1445.68	1046.55	1046.55
Netherland (19)	355.98	1.7	329.49	273.80	315.21	311.51	0.7	2.45	350.18	323.55	269.93	312.93	309.39	355.98	274.35	278.02
New Zealand (14)	87.68	-0.9	81.15	67.44	77.64	66.26	-0.5	4.30	88.43	81.71	68.17	79.03	66.62	95.60	75.94	80.52
Norway (41)	311.47	2.1	288.29	239.57	275.79	288.64	0.5	2.09	305.01	281.81	235.11	272.56	287.25	321.23	235.31	236.61
Philippines (22)	201.79	-0.2	186.76	155.21	178.68	264.79	-0.1	0.66	202.14	186.76	155.81	180.64	265.18	-	-	-
Singapore (43)	417.58	-0.2	386.51	321.19	369.76	275.66	-0.3	1.00	418.60	386.76	322.67	374.07	276.56	449.15	371.28	435.56
South Africa (44)	361.24	1.1	334.35	277.85	319.86	350.01	0.5	2.39	357.39	330.21	275.49	319.37	348.35	390.34	301.49	388.08
Spain (35)	218.66	2.8	202.38	168.18	193.61	239.30	2.1	2.67	212.71	196.53	163.96	190.08	234.39	228.16	164.81	167.41
Sweden (49)	448.64	2.0	415.25	345.07	397.25	505.12	0.8	2.06	439.78	406.33	338.99	393.00	500.91	448.64	325.59	326.45
Switzerland (35)	256.88	1.6	237.76	197.58	227.46	234.47	0.7	1.28	252.86	223.63	194.91	225.96	232.79	256.88	229.36	241.96
Thailand (45)	77.82	2.8	72.02	59.85	68.90	79.33	2.5	4.13	75.84	70.07	58.46	67.77	76.40	187.79	73.98	179.78
United Kingdom (212)	284.39	0.2	263.23	218.74	251.82	263.23	0.4	3.71	283.78	262.20	218.75	253.60	262.20	284.47	224.39	229.23
USA (654)	330.46	1.0	305.87	254.18	292.62	330.46	1.0	1.82	327.15	302.27	252.18	292.35	327.15	331.54	254.79	258.05
Americas (823)	302.64	1.0	280.11	232.77	267.97	254.72	1.0	1.80	299.57	276.78	230.91	267.70	252.13	303.45	233.09	236.16
Europe (725)	248.79	1.1	230.27	191.36	220.29	231.67	0.6	2.62	246.07	227.36	189.68	219.90	230.26	248.79	201.56	204.34
Nordic (150)	385.85	1.6	357.13	296.78	341.66	374.86	0.5	1.94	379.69	350.81	292.68	339.31	373.06	385.85	282.52	283.61
Pacific Basin (873)	135.32	0.0	125.25	104.08	119.82	103.22	-0.1	1.40	135.33	125.04	104.31	120.93	103.38	177.01	131.50	160.96
Euro-Pacific (1598)	182.61	0.6	169.01	140.45	161.69	151.68	0.3	2.10	181.47	167.67	139.88	162.17	151.26	191.51	176.40	178.93
North America (768)	322.77	1.0	298.75	248.26	285.80	321.99	1.0	1.82	319.55	295.24	246.31	285.56	318.74	323.69	248.65	252.53
Europe Ex. UK (513)	223.97	1.6	207.30	172.27	198.32	209.61	0.7	2.01	220.41	203.65	169.90	196.97	208.10	223.97	183.38	185.91
Pacific Ex. Japan (393)	312.46	-0.2	289.20	240.33	276.67	270.04	-0.2	2.74	313.06	289.25	241.31	279.76	270.46	320.65	268.97	289.16
World Ex. US (1811)	186.60	0.7	172.71	143.53	165.23	158.04	0.3	2.07	185.36	171.26	142.88	165.64	157.51	193.47	177.71	180.15
World Ex. UK (2253)	227.56	0.9	210.63	175.03	201.50	202.04	0.7	1.76	225.53	208.38	173.85	201.54	200.66	228.59	199.58	202.01
World Ex. Japan (1985)	292.72	1.0	270.94	225.15	259.20	283.06	0.8	2.14	289.91	267.86	223.47	259.08	280.80	292.72	233.10	238.06
The World Index (2465)	232.43	0.8	215.13	178.77	205.81	207.60	0.7	1.95	230.51	212.98	177.68	205.99	206.24	233.38	202.32	204.43

Latest prices were unavailable for this edition.

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4 pm close March 11

NYSE PRICES

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NASDAQ NATIONAL MARKET

4 pm close March 11

AMEX PRICES

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Company	Mid price	Change on day	Volume	High	Low	Company	Mid price	Change on day	Volume	High	Low
ActivCard	US$8.125		0	8.25	8	Innogenetics	US$12.375		45800	12.5	10.5
Artwork Systems	US$10.875		11168	11.375	10.25	Memor Internat.	US$9		0	11.375	9
Dr Solomon's ADS	US$24.375		0	26	22.75	PixTech	US$5.375		0	6.25	4.75
Esprit Telecom ADS	US$12.25		2100	12.5	12						

Prices for 11/3/97.

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